

Chona Financial Services Limited
DISCLOSURE DOCUMENT FOR PORTFOLIO MANAGEMENT SERVICES

1. The Disclosure Document ("the Document") has been filed with the Securities Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 2019
2. The purpose of this Document is to provide essential information about the portfolio services in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager
3. The necessary information about the Portfolio Manager is provided in this Document. Investors are advised to retain the Disclosure Document for future reference
4. Chona Financial Services Limited is registered with SEBI as a Portfolio Manager vide Registration No. INP000001199.
5. The details of the Principal Officer of the Portfolio Manager are as follows:

Name : Mr.EMC.Palaniappan, **Director**

Address : Chona Financial Services Limited
No.44, Prakasam Street,
T.Nagar,
Chennai 600 017

Phone : 9381003412

Email : pms@chona.com

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I.Disclaimer clause

The particulars in this Disclosure Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2019 and filed with SEBI. This Document has neither been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

II. DEFINITIONS

“Portfolio Manager” refers to Chona Financial Services Limited (Chona)

“Mid-Small Cap Companies” mean companies which have market capitalization of less than Rs.500 crores at any given time

“Group Companies” means and refers to companies under same management as mentioned to in Section 370(1B) of the Companies Act, 1956

“Related parties / Associates” shall have the same meaning as assigned in Accounting Standard 19 (AS-18), as specified by Institute of Chartered Accountants of India (ICAI)

“Discretionary” means the right of the Portfolio Manager to exercise any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client

“Non-Discretionary” means the Portfolio Manager has to manage the portfolio of securities or funds in accordance with the directions of the client

“Regulations” means Securities and Exchange Board of India (Portfolio Managers) Regulations, 2019 as amended from time to time

III. About THE PORTFOLIO MANAGER

A. About Chona Financial Services Limited

Chona Financial Services Limited was incorporated on 24th day of April 1995. It was converted into a Public Limited company on 16th February 2008. Chona Financial Services Ltd was promoted by Shri. E.M.C.Palaniappan and Mrs. Parvathi Palaniappan. Both the promoters are qualified and experienced in Securities Market.

B. About Promoters of the portfolio manager, directors and their background

<u>Name</u>	<u>Qualification</u>	<u>Experience</u>	<u>Designation</u>
E.M.C.Palaniappan	B.Com, M.B.A, M.C.R.P, M.A	30 years in Stock Market	Promotoer/Director
Late Parvathi Palaniappan	B.Com, M.B.A	33 years in Stock Market	Promotoer
Ishta Palaniappan	B.Arch	9 years in Stock Market	Director

C. Group Companies of Chona Financial Services Limited are:

1. M/s. Chona Investments Private Limited .
2. M/s. Chona Commodity Trading Services Private Limited – Subsidiary company.
3. M/s. Chona Craft Shoppe LLP
4. M/s. Chona Estates and Properties LLP
5. M/s. CBM Products India LLP
6. M/s. Chona Megatainment Malls Ltd
7. M/s. Chona Property Management Ltd
8. M/s. Chona Build Mantra Services Private Ltd
9. M/s. United Commercial and Hotel Enterprises Private Ltd

D. Details of Services being offered :

Discretionary

IV. SERVICES OFFERED :

1. GENERAL :

The Services offered by the Portfolio Manager would be “Discretionary” in nature.

2. ABOUT THE SERVICE:

I. Investment Objective :

Portfolio Manager will construct and manage a portfolio entirely driven by the client needs and preferences. This would be achieved with equity, debt, derivatives or a combination of above depending upon the objectives of the client and generate capital appreciation on investment based on the risk profile. The Portfolio Manager will invest in Blue Chips and in ETFs, growth oriented midcaps and small caps.

II. Investment Pattern

The asset allocation choice would be based on the client's needs and preferences. Portfolio Manager would invest after understanding the risk profile of the investor. The risk-return preferences, risk aversion level and their preferences would be documented with the help of a questionnaire. The investment time horizon and the financial objective of the investor are important inputs in working out an asset allocation. Based on this, investments will be made in equity instruments of companies, debt securities of companies, derivative instruments, mutual funds and bank deposits. Asset allocation would form an integral part of the investment strategy wherein the Portfolio Manager works out an optimum mix of different asset classes best suited to the investor risk profile.

III. The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/ guidelines.

There will be no investments made in associates/group companies of the portfolio manager from the Portfolios managed.

IV. Investor's choice

The investor has to specify the quantum of risk that he is willing to take-high, medium or low.

Minimum Portfolio Size (Portfolios accepted in funds or by way of securities)

For Individual, Corporate Bodies, HUF's, Trusts, etc. - Rs.50 lakhs

Any additional investment shall have a minimum size of Rs.25 Thousands.

(in cash or cash equivalent by way of securities).

Any renewal of portfolio on maturity of the initial period shall be deemed as a fresh placement.

V. RISK FACTORS

- i. The securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the strategy will be achieved.
- ii. The past performance of the Portfolio Manager does not indicate the performance of the same strategy in future or any other future strategy
- iii. To the extent of investment in the fixed income securities, the value of the portfolio shall be affected by changes in the general level of interest rates.
- iv. Debt securities are subject to the risk of an issuer's inability to meet interest and principal payments on its debt obligations (credit risk) and price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the credit worthiness of the issuer, among others (market risk)

- v. Investments in derivative instruments are subject to high levels of risk. Use of derivative investment is made to enhance the portfolio returns but there can be greater levels of loss to the portfolio as a result of investment in derivative instruments.
- vi. Pending deployment of funds in securities in terms of the investment objective, the funds of the strategy shall be invested in short term deposits of scheduled commercial banks or financial institutions, whenever practical and suitable.
- vii. Investors are not being offered a guaranteed or assured rate of return either directly or indirectly. Investment decisions made by the Portfolio Manager may not always be profitable.
- viii. Any act, omission or commission of the Portfolio Manager will be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission taken or failure to act save and except in cases of willful default and/or fraud of the Portfolio Manager.
- ix. The liability of the client shall not exceed his investment with Portfolio Manager.
- x. The portfolio manager has group companies. There is no conflict of interest related to services offered by group companies of the portfolio manager.

VI. CLIENT REPRESENTATION*

- i.

<u>Category of Clients</u>	<u>No. of clients</u>	<u>Funds managed</u> (if available)	<u>Discretionary/ Non Discretionary</u>
Individuals	9	47.22 crores	Discretionary
Corporate	2	2.98 crores	Discretionary

* As on 31 March 2025
- ii. Portfolio Manager will execute broking transactions through Kotak Securities Limited which is registered with SEBI as member of NSE and BSE with Regn. No. INZ000200137.
- iii. Related Party Disclosures : Disclosure in respect of transactions with related parties as per the standards of ICAI. Chona PMS manages three corporate accounts of its associate concerns as follows : Chona Craft Shoppe LLP (started on 18.1.2008, funds managed Rs.109.88 lakhs as on 31.3.2025), Chona Investments P Ltd (started on 9.1.2009, funds managed Rs.187.84 lakhs as on 31.3.2025) under its PMS services.
- iv. Custodian Details : Kotak Mahindra Bank Ltd. Kotak Infiniti, 2nd Floor, Zone I, Building No. 21, Infinity Park, Off Western Express Highway, General A.K Vaidya Marg, Malad East, Mumbai – 400 097

VII. FINANCIAL PERFORMANCE(Rupees in Lacs)

- i. Financial Performance of Chona Financial Services Limited based on audited financial statements.

Particulars	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Income from Broking Services	130.67	95.19	293.51
Total Income	250.41	350.18	576.22
Operating Income Before tax	89.33	38.12	164.03
Provision for taxation	1.30	4.00	10.00
Deferred Tax	0.74	2.23	1.94
Operating Income After Tax	87.29	31.89	152.09

- ii. Portfolio Management performance - **Annual Weighted Average Returns of PMS**

Nature of client	Mar 2025	Mar 2024	Mar 2023	Mar 2022
INDIVIDUAL - Resident	-1.62%	37.90%	-2.86%	15.29%
INDIVIDUAL - Non- Resident	1.88%	22.78%	-3.38%	11.76%
CORPORATE - Resident	0.74%	3.62%	-7.97%	10.44%
Returns from Benchmark Nifty	6.11%	12.51%	-0.43%	17.43%
Returns from XIRR	0.08%	0.25%	- 0.05%	0.13 %

(PMS performance net of fees & expenses).

VIII. FEES & EXPENSES

- i. Investment management and advisory fees
The management fees shall be charged as specified in the clause 11 in page No. C-6. Details and Illustration of fees and charges are given as separate Addendum in Annexure 1 in page No.X 1 & X 2.
- ii. Custodian and Registrar & Transfer Agent and Depository related Fees & Charges :
The fees shall be billed at actuals on monthly basis.
- iii. Brokerage and transaction cost
The Portfolio Manager shall ensure that the brokerage charges payable by the client does not exceed one percent of the transaction value with a minimum of 10 paise per share.
- iv. GST, Securities Transaction Tax, Exchange transaction charges and other charges. The fees/charges shall be billed at actuals on daily basis or at such periods at the discretion of the portfolio manager.

IX. TAXATION ASPECTS

Investments in securities have inherent risks- Economic risks, market risks, interest rate risks, liquidity risks etc., Income from investments can be dividend income or interest income and capital gain. Dividend income is tax free in the hands of the individual. Interest income is taxed based on the tax bracket of the investor. Capital gain is taxable if investment has been held for less than 1 year (short term capital gain) @ 15% and if investment is held for more than 1 year (long term capital gain) and is more than 1 lakh @ 10%. If there is loss on investment it can be set off with capital gains. Long term capital losses can be set off only against long term capital gains. Short term capital losses can be set off against both short term and long term capital gain. No tax is deducted at source for equity investment income by the portfolio manager. For NRI clients TDS at 15% is deducted by the PIS bank for every selling trade of the client as per contract.

The statement of Account of transactions undertaken on behalf of the client for his portfolio, along with the documents and information relating to the Tax Deducted at Source (TDS), if applicable shall be provided by the Portfolio Manager to the clients.

It is made clear that, the Portfolio Manager is not at all obliged to undertake tax planning of the Client. In the event of any demand being made or raised on the Portfolio Manager by any taxation or revenue authorities to pay any sums of money towards purported tax liability in connection with or arising from the Portfolio, or transactions carried out in respect thereof, the Client shall authorise the Portfolio Manager to comply with and settle the demand and pay such amount and debit the Client's account accordingly and the client shall indemnify the Portfolio Manager in respect of costs charges and expenses and liabilities and other amounts for taxes discharged or to be discharged by the Portfolio Manager. The client shall be liable to pay directly or reimburse any additional tax liabilities to Portfolio Managers, which could not be set off against the credit lying in the client account.

X. ACCOUNTING POLICIES

1. The Portfolio Manager shall :
 - a. aggregate purchase / sales of securities for economies of scale, and in such a case, it shall do inter-se allocation of securities on a prorata basis and at the weighted average price of the day's transactions.
 - b. Not keep any open position in respect of allocation of sales or purchases effected in a day.
 - c. Carry out purchase or sale transactions between that of its other customers and Client's accounts or between two Client's accounts, but the same shall be at the prevailing market prices
 - d. Value the investments of each client separately on weighted average method, at the prevailing market price
2. Accruals, accretion, benefit, allotment, calls, call refund, return, prevailing entitlement, substitute/ replacement any other benefits including dividend, interest, rights, bonus, accrual in respect of client account shall be received by Portfolio Manager either in his own name or in the name of the client but in either case it shall be credited in the client's account on receipt basis.

XI. SERVICES TO INVESTORS

a. Rights of the Investors :

- i. A monthly Performance Review Report shall be sent to the Investor, in order to keep them updated about the status of their portfolio. The investor is also entitled to an Annual Portfolio Performance Report.
- ii. The portfolio accounts of the Portfolio Manager on the whole shall be audited annually by an independent chartered accountant and a copy of the certificate issued by the chartered accountant shall be available.

- iii. The investor is entitled to appoint a chartered accountant to audit the books and accounts of the Portfolio Manager relating to his transactions and the Portfolio Manager shall co-operate with such Chartered Accountant in the course of audit.
- iv. The Portfolio Manager shall furnish a detailed statement of accounts to the investor and settle the account with the investor on the termination of the agreement
- v. At the end of the stipulated tenure, the investor has the option of either renewing the portfolio management service or receiving the portfolio value in the form of a Cheque, Demand Draft or delivery of actual securities / receipt if lying unsold, depending upon the service, which he has opted for.

b. Details of the Investor Relations Officer of the Portfolio Manager are as under:

R.Jaishankar, Compliance Officer ,
Chona Financial Services Limited 44, Prakasam Street, T.Nagar, Chennai 600 017.
Phone : 9841340343
Email : invcomp@chona.in

c. Investor Grievance Redressal Mechanism:

Where the Client has any grievances, he should promptly notify the same to the Investors Relations Officer of Portfolio Manager in writing, giving sufficient details alongwith supporting documents. The email Id of the Investor Relations Officer Mr. R.Jaishankar is **invcomp@chona.in** and his phone number is 9841340343. The grievances received by the Investor relations officer will be immediately analysed and redressed. The matter will be informed to the concerned department, who will solve the matter and reply will be sent to the client within 30 days informing the resolution of the matter. Details of complaints received and replies sent are recorded and kept in our system for follow up and verification by officials. If the matter cannot be handled, the client will be informed of the same with reasons for the non resolution and giving him suggestions, if any, to approach alternative mechanism for redressal. In case not satisfied with response, investors can send in their complaints to the SEBI Regional Office at Overseas Towers, 7th floor, 756-L, Anna Salai, Chennai 600 002. Tel:+91-44-28880222/28526686 Fax:+91-044-28880333 E-mail : sebisro@sebi.gov.in or Scores-URL-http://scores.gov.in

XII.PENALTIES & PENDING LITIGATIONS

- | | | |
|-----|---|-----|
| i. | Cases of penalties imposed by SEBI under the SEBI Act or any of its regulations against the Portfolio Manager | NIL |
| ii. | The nature of the penalty / direction | N.A |
| iii | Penalties imposed for any economic offence and/or for violation of any securities laws | NIL |
| iv. | Pending material litigation / legal proceedings against the Portfolio Manager / key personnel with separate disclosure regarding pending criminal cases, if any | NIL |
| v. | Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any Regulatory agency | NIL |
| vi. | Any enquiry / adjudication proceedings initiated by the SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or Employee, under the act or Rules or Regulations Made thereunder | NIL |

The above information is to the best of the Company's knowledge and information.

Date : _____

For Chona Financial Services Limited

Place : Chennai

Director
(Signature)

Director
(Signature)

Accepted and confirmed by me/us.

Date : _____



Place : _____

Client's Signature (with seal if required)

FORM C

Chona Financial Services Limited
44 Prakasam Street,
T.Nagar, Chennai 600 017.
Phone : 9381003412
Email: pms@chona.com

We confirm that:

- i) The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2019 and the guidelines and directives issued by the Board from time to time;
- ii) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- iii) The Disclosure Document has been duly certified by an independent chartered accountant M/s. LSSM & Co, H8A, Krupa Colony, 44th Street, First Avenue, Ashok Nagar, Chennai 600083, Ph 9952921007, 044-43322975 Membership Number 226678 on 25.6.2025. Please find enclosed a copy of the chartered accountants certificate.

Date :25.6.2025

Signature of the Principal Officer

Place: Chennai

(Sd) EMC. Palaniappan

Name and address of the Principal Officer

(EMC. Palaniappan, 46, Prakasam St, T.Nagar, Chennai 600 017)

As per Regn 14, SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 2019.

Chartered Accountants Certificate

M/s. LSSM & Co.,
Chartered Accountants

Date: 25.6.2025

To whomsoever it may concern

Ref: PMS Disclosure Document

Sub: Certificate

We hereby certify that the disclosures made in the Portfolio Management Services Disclosure document of Chona Financial Services Limited are true, fair and adequate to enable the investors to make a well informed decision.

Sincerely
For LSSM & Co.,
Chartered Accountants

(Sd) Subramanian RM
Partner
Name : Subramanian RM
Membership No: 226678



Client's Signature (with seal if required)

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