



TOTAL TRANSPORT SYSTEMS LIMITED

**POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES**

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Purpose and Scope of the policy:

Total Transport Systems Limited (“**TTSL**” or “**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) lays out regulatory requirements for material subsidiary companies.

The Company has framed the policy in accordance with the provisions of Regulation 16 (1) (c) of the Listing Regulations and the Board of Directors (**the “Board”**) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”).

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Definitions:

“Act”

It means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Policy”

It means this Policy, as amended from time to time, as may be deemed necessary.

“Audit Committee”

It means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015 (“Listing Regulations”).

“Independent Director”

It means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

“Material Subsidiary”

A Subsidiary shall be a Material Subsidiary if, any of the following conditions are satisfied:

- a. the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. the turnover of the subsidiary exceeds 10 per cent of the consolidated turnover of Company and its Subsidiaries in the immediately preceding accounting year.

“Material Unlisted Indian Subsidiary”

Shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Consolidated Turnover or Net worth” means the total turnover or net worth of the Company and its subsidiaries.

“Subsidiary”

Shall be defined under the Section 2(87) of the Companies Act, 2013 and the rules made thereunder.

“Unlisted Subsidiary”

It means subsidiary whose securities are not listed on any recognized Stock Exchanges.

“Net Worth”

It means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

Policy and Governance Framework

- 1.** The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- 2.** The minutes of the meetings of the Board of directors of the unlisted subsidiary company shall be placed at the meeting of the Board of Directors of the Company at regular intervals.
- 3.** The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
- 4.** At least one Independent Director of the Company shall be a director on the board of an unlisted material subsidiary whether incorporated in India or not.

Only for the purposes of this point, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- 5.** The Company shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

6. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Nothing contained in this point shall be applicable if such a sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity, if any.

7. Where a company has a listed subsidiary which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
8. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary, and the secretarial audit report shall be annexed with the annual report of the Company.

Compliance Responsibility

The Company Secretary and / or the Compliance Officer shall ensure compliance of this Policy and shall have the power to ask for any information or clarifications from the management in this regard.

The Company Secretary and / or the Compliance Officer shall monitor and ensure that as and when any of the subsidiaries is determined as a Material Subsidiary the same shall be intimated to the Audit Committee.

The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard.

Disclosures

The Company shall disclose, in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

Website

As per the provisions of the Listing Regulations, the Policy shall be disclosed on the website of the Company. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the Listing Regulations and such disclosures shall be made available on the website of the Company for a period of eight years and thereafter as per the Documentation Retention and Archival Policy of the Company.

Review of the Policy

The Board & Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

Limitations and Amendments

The Board of Directors may on their discretion, make any changes/modifications and/or amendments to this Policy from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Effective from: September 27, 2019

Last amended on: February 13, 2025