

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Caparo Industries plc	Company Number 00630473
In the High Court of Justice, Chancery Division, Birmingham District Registry (full name of court)	Court case number 8398 of 2015

(a) Insert full name(s) and  
address(es) of  
administrator(s)

Anthony Steven Barrell and David Matthew Hammond each of PricewaterhouseCoopers LLP,  
Cornwall Court, 19 Cornwall Street, Birmingham, B3 2D1 and Ian David Green of  
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP  
administrators of the above company attach a progress report for the period

(b) Insert dates

from

to

(b) 19 April 2016

(b) 18 October 2016

Signed

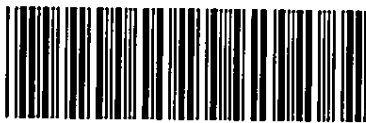
  
Joint Administrator

Dated 17 November 2016

**Contact Details:**

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the box opposite but if you do it will help  
Companies House to contact you if there is a query  
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PricewaterhouseCoopers LLP	
7 More London Riverside, London, SE1 2RT	
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Joint Administrators' progress  
report from 19 April 2016 to 18  
October 2016

***Caparo Industries plc (in  
Administration)***

High Court of Justice, Chancery Division, Birmingham  
District Registry

17 November 2016

Case no. 8398 of 2015

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## Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report

Abbreviation or definition	Meaning
Company	Caparo Industries plc
Administrators	David Matthew Hammond, Anthony Steven Barrell, Robert Jonathan Hunt and Ian David Green
Firm	PricewaterhouseCoopers LLP
Group	Caparo Industries Plc, Caparo Engineering Ltd, BACo Realisations Ltd (formerly Bridge Aluminium Ltd), Material Measurements Ltd, GW 957 Ltd, Caparo Steel Products Ltd, Caparo Precision Strip Ltd, Caparo Precision Tubes Ltd, Caparo Vehicle Products Ltd, Caparo Vehicle Technologies Ltd, Caparo Modular Systems Ltd, Caparo Atlas Fastenings Ltd, Caparo Tube Components Ltd, Caparo Tube Components 2 Ltd, Caparo Accles & Pollock Ltd and Caparo Advanced Composites Ltd, all of which entered Administration on 19 October 2015
CPS	Caparo Precision Strip Ltd – in Administration
IR86	Insolvency Rules 1986
IA86	Insolvency Act 1986
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
HMRC	Her Majesty's Revenue & Customs
Prescribed Part	The amount set aside for Unsecured Creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Secured Creditors	Creditors with security in respect of their debt, in accordance with section 248 IA86
Secured Lenders	Barclays Bank Plc and Royal Bank of Scotland Plc
Pension Scheme	Caparo 1988 Pension Scheme
Preferential Creditors	Generally, creditors with claims for 1. unpaid wages for the whole or any part of the four months before 19 October 2015, 2. accrued holiday pay for any period before 19 October 2015, and 3. unpaid pension contributions in certain circumstances
DBIS	Department for Business, Innovations & Skills

RPS	Redundancy Payments Service, an executive agency sponsored by DBIS which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
Unsecured Creditors	Creditors who are neither secured nor preferential
RoT	Retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
IDF	Invoice discounting facility
ARMS	Atlantic Risk Management Services
TSA	Transitional Services Agreement

## Key messages

### *Why we've sent you this report*

I'm writing to update you on the progress of the Administration of the Company in the six months since 19 April 2016

### *How much creditors may receive*

The following table summarises the possible outcome for creditors\* based on what we currently know

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Secured Creditors		
- Secured Lenders	100 p/£	100 p/£
- Pension Scheme**	100 p/£	100 p/£
- Caparo Group Limited	Uncertain	Uncertain
Preferential Creditors	100 p/£	0 p/£
Unsecured Creditors	0 p/£	0 p/£

*\*Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading*

*\*\* This is only in respect to the Pension Scheme's reducible amount (which the Pension Scheme calculated to be £3.2m) secured across the Group and not in respect of its fixed charges over two Group properties (one held by the Company and one held by CPS). After the period covered by this report, the Pension Scheme appointed Harris Lamb as Fixed Charge Receivers over the two properties on 21 October 2016.*

The Secured Lenders and the Pension Scheme have security across the Group's assets. The other Secured Creditor is Caparo Group Ltd, which has security relating to the Company's shares in Caparo India Ltd. Prior to the Administration, the Group entered into an IDF with the Secured Lenders. The relevant debts were being collected by the Secured Lenders' agent, ARMS, (as opposed to the Administrators) and subsequently by the respective purchasers and then by the Administrators (detailed below). The net funds received have reduced the amount the Group owes the Secured Lenders.

Following a successful period of trading and various sales of the businesses and assets across the Group, the Secured Lenders and the Pension Scheme's reducible amount were repaid in full.

The level of Preferential Creditors has significantly reduced as a result of the going concern sale of the business and the payment of arrears of wages and salaries as part of the trading costs. Based on current estimates, we anticipate that Preferential Creditors will be paid in full. However, based on the current estimates of realisations and costs in the Company and across the Group, we expect that there will be no distribution to Unsecured Creditors.

### *What you need to do*

This report is for your information and you don't need to do anything.

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## ***Progress of the Administration***

### ***Background***

You'll remember from our previous report that the Group was a diversified industrial group with headquarters in the Midlands and London. If you wish to review further information on the background of the Group, please see our previous report and proposals, available on our website.

### ***Sale of the business and asset realisations***

Following the sale of certain of the Company's business and assets, the TSA in relation to the sale was completed on 30 April 2016, which involved managing a number of IT issues including our data protection duties. 12 IT staff and one payroll staff were retained by the Group to help complete this with all transferring to the purchaser with effect from 1 May 2016.

Following the sales of businesses, the apportionment agreements were finalised with the purchasers on balances owed to the Administration for various costs incurred prior to sale completion.

#### **Book debts**

The Group's pre-Administration book debts were charged to the Secured Lenders via the IDF. In the period, the IDF was repaid in full. A number of reconciliations of the Group's numerous bank accounts and ledgers has been completed to correctly allocate book debt recoveries between pre-appointment sales, post-appointment sales and those relating to sales made by the purchasers of Group businesses.

We have also undertaken active management of the Group's post-Administration book debt collection resulting in the recovery of 96% of the total debtors of £25m.

### ***Trading***

Our trading outcome to 18 October 2016 is set out in the receipts and payments account in Appendix A. The total estimated trading costs include a number of provisions which are still to be finalised. Once the trading costs are finalised, they will be recharged to the other Group companies on an appropriate basis. It was imperative that the Head Office function was maintained in order to operate the Group's systems, payroll and other central functions. This was critical to optimising the outcome for creditors of the Company and of the other companies in the Group for a variety of reasons, including

- It secured going concern premia for other asset classes, particularly book debts, plant and machinery and property, and
- Through the payment of arrears of wages, as part of our trading costs, and the achievement of a going concern sale, we have significantly reduced preferential creditor claims.

Our net trading outcome should be considered in this context.

The key trading activities completed during the period were generally managed on a Group-wide basis due to the way the Group operated. In the main, these involved liaising with multiple suppliers to agree the final trading positions in relation to motor vehicles, mobile phones, utilities, non-domestic rates and general trading suppliers.

To comply with our requirements as Data Controllers, we identified relevant Group occupational health records and secured a long-term solution for storage and access.

### ***Further work***

There remain a number of matters which we continue to work on. These include

- Trading, settling any remaining trading accounts with suppliers and utility providers,
- Tax and VAT compliance: Completing the relevant returns and deregistering,
- Investigations: Consideration of next steps following the review of activities prior to our appointment and
- Statutory and compliance: Dealing with other compliance matters such as progress reports and correspondence with creditors

Further information in relation to the outstanding matters to be dealt with in the Administration is set out in Appendix C

## *Statutory*

We wrote our first progress report, for the period to 18 April 2016, and subsequently made it available to creditors

In the period, we sought consent from Secured Creditors to a 12 month extension to the period of the Administration to 18 October 2017, which was approved

In line with our statutory duties, we have undertaken investigations on activities of the Group prior to our appointment. Due to the confidential nature of this work, further detail has not been discussed in this report

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and SIP No 2

### *Removal of Administrator*

After the period covered by this report, Robert Jonathan Hunt retired from the Firm, so an application was made to Court to facilitate his removal as Administrator

The application was granted and consequently Robert Jonathan Hunt was removed as Administrator with effect from 8 November 2016. A notice confirming this will be published in the London Gazette shortly

## *Our receipts and payments account*

We set out in Appendix A an account of our receipts and payments from 19 April 2016 to 18 October 2016

## *Our expenses*

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an Administration expense in due course because amounts due will depend on the position at the end of the tax accounting period

## *Our fees*

We set out in Appendix C an update on our remuneration which covers our fees and other related matters

## *Pre-Administration costs*

As previously reported, costs incurred before our appointment with a view to the Company going into Administration were approved for payment by the Secured Creditors. The costs attributable to the Company total £27k for our costs and £5k for legal costs and have been drawn in full

## *Creditors' rights*

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 2.109 IR86. This information can also be found in the guide to fees at



[http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/2015/guide\\_to\\_administrators\\_fees\\_oct\\_2015.ashx](http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/2015/guide_to_administrators_fees_oct_2015.ashx)

You can also get a copy free of charge by telephoning our creditor helpline on 020 7213 3362

## *Next steps*

We expect to send our next report to creditors in about six months

If you've got any questions, please get in touch by telephoning our creditor helpline on 020 7213 3362

Yours faithfully

For and on behalf of the Company



AS Barrell

Joint Administrator

*David Matthew Hammond, Anthony Steven Barrell and Ian David Green were appointed as Joint Administrators of Caparo Industries plc on 19 October 2015 to manage its affairs, business and property as its agents and without personal liability. David Matthew Hammond, Anthony Steven Barrell, Robert Jonathan Hunt and Ian David Green are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The joint administrators are bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

*The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration.*

## Appendix A: Receipts and payments

As per Directors' Statement of Affairs		Receipts and payments account		Notes	19/10/15 to 18/04/16	19/04/16 to 18/10/16	Total
£		Assets subject to a fixed charge			£	£	£
3 000 000		Receipts					
300 000		Land and Property			1,679,589	-	1 679,589
		Shares			2,400,000	-	2,400,000
		Motor Vehicle			-	19,619	19,619
		<b>Total receipts</b>			<b>4,079,589</b>	<b>19,619</b>	<b>4,099,208</b>
		Payments			-	-	-
		<b>Total payments</b>			<b>-</b>	<b>-</b>	<b>-</b>
		Distributions					
		Secured Creditor			2,168,713	-	2,168,713
		<b>Total payments</b>			<b>2,168,713</b>	<b>-</b>	<b>2,168,713</b>
		<b>Cash in hand</b>		2	<b>1,910,876</b>	<b>19,619</b>	<b>1,930,495</b>
£		Assets subject to a floating charge			19/10/15 to 18/04/16	19/04/16 to 18/10/16	Total
		Receipts			£	£	£
73,000		Other asset realisations			28,058	(2,608)	25,450
		Third party funds			314,065	(177,082)	136,983
		<b>Total receipts</b>			<b>342,123</b>	<b>(179,690)</b>	<b>162,433</b>
		Payments					
		Professional and legal fees			121,987	272,097	394,084
		Group Company funding			906,732	(2,905,818)	(1,999,086)
		Statutory advertising			3	-	3
		Pre-appointment fees & expenses			13,503	13,585	27,088
		Office holders' fees			617,199	934,831	1,552,030
		Net Trading position		1	1,462,440	(137,869)	1,324,571
		<b>Total payments</b>			<b>3,121,864</b>	<b>(1,823,174)</b>	<b>1,298,690</b>
		<b>Cash in hand</b>		2	<b>(2,779,741)</b>	<b>1,643,484</b>	<b>(1,136,257)</b>
		Trading receipts and payments account			19/10/15 to 18/04/16	19/04/16 to 18/10/16	Total
					£	£	£
		Receipts					
		Sales		3	162,345	(162,345)	-
		Other receipts			98,660	18,910	117,570
		Book Debts			-	510	510
		VAT			(162,935)	55,423	(107,512)
		<b>Total receipts</b>			<b>98,070</b>	<b>(87,502)</b>	<b>10,568</b>
		Payments					
		Wages and salaries		4	474,251	26,653	500,904
		PAYE / NI and other employee costs		4	673,410	(203,502)	469,908
		Utilities and Rates			592	(20,204)	(19,612)
		Insurance			-	17,980	17,980
		Trading costs			352,534	(62,964)	289,570
		Bank Charges			59,723	16,666	76,389
		<b>Total payments</b>			<b>1,560,510</b>	<b>(225,371)</b>	<b>1,335,139</b>
		<b>Net trading position</b>			<b>(1,462,440)</b>	<b>137,869</b>	<b>(1,324,571)</b>

### **Notes to receipts and payments account**

1) Trading has primarily been financed through a Group overdraft facility put in place immediately following our appointment

The majority of the key Group-wide suppliers have been paid out of the overdraft facility of the Company, and as such, a recharging exercise will need to be undertaken to properly reflect costs incurred by the Company

The overall trading position shows a loss, some costs incurred by the Company may be recharged in due course. However, as previously mentioned, our commitment to trading this estate has secured going concern premia for other asset classes

2) Funds held in interest bearing accounts

3) Sales of scrap metal/other income, due to other Group companies, which has now been reallocated

4) Included in PAYE/NI and other employee costs were elements paid on behalf of other Group companies, which have now been discharged

The Company has made certain payments on behalf of some Group companies which are reflected in the receipts and payments account but not in the expenses statement. These costs will be reimbursed in due course

Where a payment in the trading account in the period appears in brackets this reflects a reallocation of that cost to another of the Group companies

An exercise to apportion our fees between fixed and floating charges is yet to be finalised. The fees taken in the Company in isolation are subject to change

Secured Creditor distributions have, to date, been paid from certain of the Group companies. An exercise to correctly allocate these distributions across all Group companies will be completed in due course

### **Statement of Affairs**

Freehold Land & Property assumptions within the Directors' statement of affairs were based on an agent's valuation undertaken in June 2015. Due to the impact of insolvency, and potential environmental contamination and clean-up costs, actual realisations were lower

In addition, the sale of these assets was part of a Group-wide deal, and our conclusion was that the overall value for creditors was better than the uncertainty and increased risk of attempting to sell the assets piecemeal

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## ***Appendix B: Expenses***

### ***What is an expense?***

Expenses are defined in SIP9 as amounts properly payable by us as Administrators from the estate and includes our fees, but excludes distributions to creditors. These include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. They fall into two categories: Category 1 and Category 2.

<b>Disbursement</b>	<b>SIP9 definition</b>
Category 1	Payments to independent third parties where there is specific expenditure directly referable to the appointment in question
Category 2	Costs that are directly referable to the appointment in question but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis.

Our Firm's disbursement policy allows for all properly incurred expenses to be recharged to the case. We don't need approval from creditors to draw Category 1 disbursements as these have all been provided by third parties, but we do need approval to draw Category 2 disbursements as these are for services provided by our Firm. The policies for payment of Category 2 disbursements have been approved as follows:

Photocopying	At 12 pence per sheet copied, only charged for circulars to creditors and other bulk copying.
Mileage	At a maximum of 71 pence per mile (engine size up to 2,000cc) or 93 pence per mile (engine size over 2,000cc).

## Our expenses statement and estimate

The following table shows expenses incurred to date and an estimate of further expenses we consider will be (or are likely to be) incurred

The estimate excludes any future tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period

<i>Nature of expenses</i>	<i>Incurred to date (£)</i>	<i>Estimate of future expenses (£)</i>	<i>Total estimated expenses (£)</i>	<i>Initial estimate (£)</i>	<i>Variance (£)</i>
<b>Trading expenses</b>					
Wages & salaries	80,301	-	80,301	547,450	467,149
PAYE / NI and other employee costs	92,969	-	92,969	465,962	372,993
Trading cost	536,817	-	536,817	937,803	400,986
Utilities & Rates	571	-	571	101,905	101,334
Insurance	43,596	-	43,596	128,421	84,825
Rent	20,000	-	20,000	-	(20,000)
ROT /Duress payments	194,000	-	194,000	-	(194,000)
Bank charges	76,756	-	76,756	33,639	(43,117)
<b>Total Trading Expense</b>	<b>1,045,010</b>	<b>-</b>	<b>1,045,010</b>	<b>2,215,180</b>	<b>1,170,170</b>
<b>Other expenses</b>					
Professional and legal fees and expenses	394,084	20,000	414,084	182,874	(231,210)
Office holders' costs	2,290,601	271,395	2,561,996	1,680,758	(881,238)
Office holders' disbursements	55,192	31,663	86,855	49,250	(37,605)
Pre-administration costs	27,088	-	27,088	31,876	4,788
Statutory advertising	207	-	207	67	(140)
<b>Total other expenses</b>	<b>2,767,172</b>	<b>323,058</b>	<b>3,090,230</b>	<b>1,944,825</b>	<b>(1,145,405)</b>
<b>Total expenses (Excluding VAT)</b>	<b>3,812,182</b>	<b>323,058</b>	<b>4,135,240</b>	<b>4,160,005</b>	<b>24,765</b>

Note If trade or other expenses incurred to date appear lower than previously reported, this reflects an agreed reduction to what we previously expected or thought had been incurred based upon what we knew at that time

The total time costs of the Administration are going to exceed the level of time costs set out in the fees estimate. The fees estimate acts as a cap on the amount we can draw as remuneration without seeking further approval from the relevant body of creditors. At this time, approval to draw time costs in excess of the level set out in the fees estimate is not being sought.

Our time costs are higher than initially estimated because we and our staff have had to spend more time attending to a number of complex matters which have been addressed in the Administration which could not have been envisaged at the time of preparing our initial estimate. Incurring this additional time has been necessary in order to establish the current estimated return to creditors referred to earlier in this report.

## Appendix C: Remuneration update

Our fees were approved on a time cost basis by the Secured Creditors at the meeting by correspondence on 22 March 2016. To 18 October 2016, we have drawn fees in line with the approval given, as shown on the receipts and payments account at Appendix A.

The time cost charges incurred in the period from 1 April 2016 to 30 September 2016 are shown below and do not necessarily reflect how much we will eventually draw as fees for this period.

We set out later in this Appendix details of our work to date, anticipated future work, subcontracted work (if any) and payments to associates.

### Our hours and average rates

Category of Work	Period 01/04/16 to 30/09/16			Cumulative 19/10/15 to 30/09/16		Initial fees Estimate (£)	Variance (£)	Estimated Future Time Cost (£)	Estimated Total Time Costs (£)
	Hours incurred	Time costs incurred (£)	Average hourly rate (£/hour)	Hours incurred	Time costs incurred (£)				
Asset realisations									
Sale of Business	7	3,303	496	162	67,417	51,449	(15,968)	5,000	72,417
Property	59	22,843	387	73	28,606	52,779	24,173	3,000	31,606
Debtors	4	1,975	564	21	10,467	3,871	(6,596)	2,000	12,467
Asset realisations - Total	70	28,121	406	256	106,490	108,099	1,609.00	10,000	116,490
Creditors	19	4,899	257	152	46,119	18,429	(27,690)	20,000	66,119
Employees and Pensions	21	6,199	289	194	62,371	59,150	(3,221)	10,000	72,371
Trading									
Trading management	172	55,664	324	733	302,403	274,662	(27,741)	20,000	322,403
Accounting and treasury	120	30,808	257	779	210,302	134,836	(75,466)	15,000	225,302
Retention of Title	66	25,643	387	92	35,668	8,013	(27,655)	5,000	40,668
Trading - Total	358	112,115	314	1,604	548,373	417,511	(130,862)	40,000	588,373
Investigations	1,337	503,214	376	2,695	996,727	566,306	(430,421)	100,000	1,096,727
Statutory and compliance	197	84,270	428	773	345,701	318,255	(27,446)	40,000	385,701
Tax and VAT	75	29,447	392	128	56,111	77,506	21,395	21,395	77,506
Project management strategy and Administration	120	35,261	293	345	128,709	115,502	(13,207)	30,000	158,709
<b>Total hours and fees estimate</b>	<b>2,197</b>	<b>803,526</b>	<b>365</b>	<b>6,147</b>	<b>2,290,601</b>	<b>1,680,758</b>	<b>(609,843)</b>	<b>271,395</b>	<b>2,561,996</b>

Note: Hours and costs have been rounded to the nearest whole number.

### Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex, or important matters of exceptional responsibility, are handled by our senior staff or us.

All of our staff who work on the Administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time basis and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the charge-out rates per hour for the grades of our staff who already or who are likely to work on the Administration

<b>Grade</b>	<b>Rate per hour Up to 30 June 2016 (£)</b>	<b>Rate per hour From 1 July 2016 (£)</b>
Partner	590 – 825	600 – 840
Director	490 – 725	500 – 740
Senior manager	425 – 550	435 – 560
Manager	340 – 470	345 – 480
Senior associate	185 – 390	190 – 400
Associate	165 – 245	170 – 250
Support staff	87 – 123	89 – 125

Specialist departments within our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour

<b>Grade</b>	<b>Specialist maximum rate per hour Up to 30 June 2016 (£)</b>	<b>Specialist maximum rate per hour From 1 July 2016 (£)</b>
Partner	1,190	1,250
Director	1,115	1,175
Senior manager	1,110	1,170
Manager	665	700
Senior associate	490	515
Associate	240	255
Support staff	140	150

In common with all professional firms, our scale rates may rise from time to time over the period of the Administration (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to creditors in our next statutory report

## Our work in the period and work we propose to undertake

The following table provides details of the work we propose to do (indicated by →), have already done (✓) or which is in progress (□). It provides a brief summary for each category rather than an exhaustive list of all possible tasks. The fees estimate for each category is also shown, together with costs incurred to 30 September 2016.

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
<b>Assets</b>				
	Sale of business	<ul style="list-style-type: none"> <li>• Liaising with purchasers and solicitors ✓</li> <li>• Holding internal meetings to discuss/review offers received ✓</li> <li>• Negotiation of offers with different parties and completion of sale ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To achieve a better realisation for creditors than if the Company had gone into liquidation (without first being in Administration)</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for the benefit of creditors as a whole</li> </ul>
	Property	<ul style="list-style-type: none"> <li>• Carrying out title searches and securing relevant property records ✓</li> <li>• Securing possession of property ✓</li> <li>• Liaising with valuers, agents and landlords ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To identify property assets, details of ownership and charges</li> <li>• To protect property assets</li> <li>• Ensure best value achieved and maintain property value</li> <li>• To mitigate potential unsecured claims</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for the benefit of creditors as a whole</li> <li>• Minimise possible unsecured claims</li> </ul>
	Intangible assets	<ul style="list-style-type: none"> <li>• Carrying out tasks associated with realising such assets ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To understand the asset(s) and associated values</li> <li>• To ensure an appropriate realisation strategy is effected</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise recoveries from intangible assets for the benefit of creditors as a whole</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identifying potential issues requiring attention of insurance specialists ✓</li> <li>• Reviewing insurance policies ✓</li> <li>• Detailed discussions with insurer regarding initial and ongoing insurance requirements □</li> <li>• Realising any value within policies ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that appropriate insurance cover is in place at appropriate levels</li> <li>• To protect the estate from possible claims (such as public liability claims)</li> <li>• So that recoveries can be made from pre-insolvency policies</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigate the risk of any potential losses to creditors from damage to assets or from possible claims</li> <li>• Realisations from pre-Administration policies</li> </ul>
	Book debts	<ul style="list-style-type: none"> <li>• Liaising with all former Caparo credit managers on collecting book debts □</li> <li>• Chasing letters / legal letters sent out to all outstanding customers ✓</li> <li>• Finalising the transfer of the IDF accounts to the Administrators ✓</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure best value achieved and maintain property value</li> <li>• To ensure an appropriate realisation strategy is effected</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for the benefit of creditors as a whole</li> </ul>



Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
		<ul style="list-style-type: none"> <li>Reconciling the book debt transfers between pre-appointment, post-appointment trading sales and those post sale of the businesses ✓</li> <li>Agreeing the commissions owed to the purchasers of the businesses, in line with the sale of business agreements <input type="checkbox"/></li> <li>Dealing with ad-hoc queries and reconciliations <input type="checkbox"/></li> </ul>		
	Third party assets	<ul style="list-style-type: none"> <li>Reviewing leasing documents ✓</li> <li>Liaising with owners/lessors <input type="checkbox"/></li> <li>Carrying out tasks associated with assigning / disclaiming leases <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To enable third party owners to collect their assets and reduce their exposure for unpaid liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Mitigates potential claims against the Company as unsecured amounts or Administration expenses</li> </ul>
Creditors	Creditor enquiries	<ul style="list-style-type: none"> <li>Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓</li> <li>Updating website with reports and information for creditors <input type="checkbox"/></li> <li>Receiving and following up creditor enquiries via telephone, email and post <input type="checkbox"/></li> <li>Reviewing and preparing correspondence to creditors and their representatives <input type="checkbox"/></li> <li>Receiving and filing proofs of debt <input type="checkbox"/></li> <li>Dealing with confirmation of debt forms and liaising with credit insurers <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To comply with regulatory requirements or statute</li> <li>Respond to queries from various stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 or IR86 or a regulator requirement</li> </ul>
	Secured Creditors	<ul style="list-style-type: none"> <li>Notifying Secured Creditors of appointment ✓</li> <li>Preparing reports to Secured creditor <input type="checkbox"/></li> <li>Responding to Secured Creditors' queries <input type="checkbox"/></li> <li>Making distributions in accordance with security entitlements ✓</li> <li>Preparing monthly time costs reports for Pension Scheme <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder management</li> <li>Dealing with specific reporting requirements as necessary</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 or IR86 or a regulator requirement</li> <li>The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records</li> </ul>

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Employees and pensions	Preferential claims	<ul style="list-style-type: none"> <li>Corresponding with employees regarding dividend prospects →</li> <li>Preparing, issuing and receiving employee preferential claim agreement forms →</li> <li>Corresponding with RPS regarding proof of debt →</li> <li>Calculating dividend rate and preparing dividend file →</li> <li>Advertising dividend notice →</li> <li>Preparing and paying distribution →</li> <li>Ensuring PAYE/NIC is deducted and remitted to HMRC →</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate the agreement of claims and distribution to preferential creditors in an expeditious manner</li> <li>To maintain the Company's books and records</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 or IR86 or a regulator requirement</li> <li>The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records</li> </ul>
	Shareholder enquiries	<ul style="list-style-type: none"> <li>Responding to any shareholder queries <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder management</li> </ul>	<ul style="list-style-type: none"> <li>Required as a regulator requirement</li> </ul>
	Communications with employees	<ul style="list-style-type: none"> <li>Drafting, issuing and delivering initial communications and announcements ✓</li> <li>Preparing letters to employees advising of their entitlements and options available ✓</li> <li>Appointing employee representatives and holding regular meetings ✓</li> <li>Receiving and following up employee enquiries via telephone, post and email <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>In order to consult with employees appropriately and provide information as may be required</li> </ul>	<ul style="list-style-type: none"> <li>To mitigate possible claims against the insolvent estate</li> <li>In line with regulatory requirements</li> </ul>
	Payroll	<ul style="list-style-type: none"> <li>Reviewing employee files and company's books and records ✓</li> <li>Reviewing awards and payroll structure ✓</li> <li>Calculating and paying periodic payroll ✓</li> <li>Deducting and paying over PAYE/NIC to HMRC and other deductions to relevant agencies and third parties ✓</li> </ul>	<ul style="list-style-type: none"> <li>Assess employee numbers and remuneration packages</li> <li>To allow accurate reporting and payment of payroll</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory requirements and duty to maintain proper books and records</li> </ul>
Redundancy related work		<ul style="list-style-type: none"> <li>Commencing / continuing a consultation process ✓</li> <li>Selecting and making redundancies ✓</li> </ul>	<ul style="list-style-type: none"> <li>In order to allow a fair and proper process to take place</li> </ul>	<ul style="list-style-type: none"> <li>Consultation in line with legal and regulatory requirements</li> </ul>

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
		<ul style="list-style-type: none"> <li>• Liaising with the RPS and external agencies <input type="checkbox"/></li> </ul>		
	Pensions	<ul style="list-style-type: none"> <li>• Reviewing insurance policies ✓</li> <li>• Issuing statutory notices ✓</li> <li>• Dealing with general pension scheme issues and the Pension Protection Fund <input type="checkbox"/></li> <li>• Calculating contributions and requesting payments to the relevant scheme or policy <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>• Required as a regulatory requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Required as a regulatory requirement</li> </ul>
Trading	Trading management	<ul style="list-style-type: none"> <li>• Implementing post Administration controls and procedures ✓</li> <li>• Liaising with suppliers ✓</li> <li>• Liaising with management and staff ✓</li> <li>• Liaising with utilities providers ✓</li> <li>• Entering into post Administration undertakings ✓</li> <li>• Attending on site ✓</li> <li>• Authorising purchase orders and other commitments ✓</li> <li>• Maintaining purchase order registry ✓</li> <li>• Preparing and authorising receipt and payment vouchers <input type="checkbox"/></li> <li>• Reviewing company's budgets and financial statements <input type="checkbox"/></li> <li>• Preparing budgets and financial reports <input type="checkbox"/></li> <li>• Holding meetings to discuss trading position <input type="checkbox"/></li> <li>• Liaising with suppliers to finalise trading positions <input type="checkbox"/></li> <li>• Finalising trading costs and discharging our liabilities <input type="checkbox"/></li> <li>• Completing novation agreements to transfer contracts to purchaser <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>• To enable the business to continue to trade</li> <li>• To help protect value and achieve a greater outcome via a going concern sale</li> </ul>	<ul style="list-style-type: none"> <li>• Continued trading has resulted in reduced employee and supplier claims and maintained / enhanced value of the business</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>• Entering receipts and payments into accounting system <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>• To pay trading Administration expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory duties to manage the affairs, business and property of the company</li> </ul>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
			<ul style="list-style-type: none"> <li>• Maintain the accounts and records of the insolvent estate</li> <li>◦ settle expenses in the prescribed order of priority</li> <li>◦ keep proper books and records</li> </ul>	
<b>Investigations</b>	Conducting investigations	<ul style="list-style-type: none"> <li>• Collecting company books and records where related to investigatory work ✓</li> <li>• Reviewing books and records ✓</li> <li>• Preparing comparative financial statements and deficiency statement ✓</li> <li>• Reviewing specific transactions and liaising with directors regarding certain transactions ✓</li> <li>• Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills ✓</li> </ul>	<ul style="list-style-type: none"> <li>• Duty to take custody of the Company's books and records</li> <li>• To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>• Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Asset recoveries	<ul style="list-style-type: none"> <li>• Identifying potential asset recoveries <input type="checkbox"/></li> <li>• Instructing and liaising with solicitors regarding recovery actions <input type="checkbox"/></li> <li>• Holding internal meetings to discuss status of any litigation →</li> <li>• Attending to negotiations and settlement matters →</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for the benefit of creditors as a whole</li> </ul>	<ul style="list-style-type: none"> <li>• To maximise realisations for the benefit of creditors as a whole</li> </ul>
<b>Statutory and compliance</b>	Initial letters and notifications	<ul style="list-style-type: none"> <li>• Preparing and issuing all necessary initial letters and notices regarding the Administration and our appointment ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>• Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Remuneration report	<ul style="list-style-type: none"> <li>• Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred ✓</li> </ul>	<ul style="list-style-type: none"> <li>• To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>• Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Case reviews	<ul style="list-style-type: none"> <li>• Conducting case reviews after the first month, then every six months <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>• To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>• Required by IA86 / IR86 or regulatory requirement</li> </ul>

Category of work	General description	Work included	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
	Proposals and initial meeting of creditors	<ul style="list-style-type: none"> <li>Drafting and reviewing a statement of proposals to creditors including statutory information ✓</li> <li>Circulating notice of the proposals to creditors, members and the Registrar of Companies ✓</li> <li>Issuing notice of deemed approved proposals ✓</li> </ul>	<ul style="list-style-type: none"> <li>To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Progress reports and extensions	<ul style="list-style-type: none"> <li>Preparing and issuing periodic progress reports to creditors and the Registrar <input type="checkbox"/></li> <li>Making applications to creditors or court for the extension of the Administration and filing relevant notices <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Other meetings / resolutions	<ul style="list-style-type: none"> <li>Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the Administration ✓</li> <li>Convening meetings for resolutions to be considered / issuing resolutions to be considered by correspondence ✓</li> </ul>	<ul style="list-style-type: none"> <li>To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Books and records	<ul style="list-style-type: none"> <li>Dealing with records in storage <input type="checkbox"/></li> <li>Sending case files to storage <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To maintain proper records</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>
	Other statutory and compliance	<ul style="list-style-type: none"> <li>Filing of documents <input type="checkbox"/></li> <li>Updating checklists and diary management system <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>Statutory duty to maintain proper records</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>
Tax & VAT	Tax	<ul style="list-style-type: none"> <li>Gathering information for the initial tax review ✓</li> <li>Carrying out tax review and subsequent enquiries ✓</li> <li>Preparing tax computations <input type="checkbox"/></li> <li>Liaising with HMRC <input type="checkbox"/></li> <li>Obtaining tax clearance →</li> <li>Submitting corporation tax returns →</li> </ul>	<ul style="list-style-type: none"> <li>In compliance with duties as proper officers for tax</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>To ensure tax accounting is accurate for the benefit of creditors as a whole</li> </ul>

<i>Category of work</i>	<i>General description</i>	<i>Work included</i>	<i>Why the work was necessary</i>	<i>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</i>
	VAT	<ul style="list-style-type: none"> <li>Gathering information for the initial VAT review ✓</li> <li>Initial notification as proper officer for tax ✓</li> <li>Carrying out VAT review and subsequent enquiries ✓</li> <li>Preparing and submitting VAT returns <input type="checkbox"/></li> <li>Preparing and submitting bad debt relief <input type="checkbox"/></li> <li>Liaising with HMRC <input type="checkbox"/></li> <li>De-registration →</li> </ul>	<ul style="list-style-type: none"> <li>In compliance with duties as proper officers for tax</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>To ensure tax accounting is accurate for the benefit of creditors as a whole</li> </ul>
<b>Administration</b>	Strategy and planning	<ul style="list-style-type: none"> <li>Completing tasks relating to job acceptance ✓</li> <li>Preparing and updating estimated outcome statement <input type="checkbox"/></li> <li>Preparing fee budgets &amp; monitoring cost <input type="checkbox"/></li> <li>Holding team meetings not relating to trading and discussions regarding status of Administration <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To resolve outstanding matters in line with the purpose of Administration</li> </ul>	<ul style="list-style-type: none"> <li>The Administrators are required by statute to perform their functions as quickly and efficiently as possible</li> </ul>
	Accounting and treasury	<ul style="list-style-type: none"> <li>Opening and closing bank accounts <input type="checkbox"/></li> <li>Dealing with receipts, payments and journals not relating to trading <input type="checkbox"/></li> <li>Carrying out bank reconciliations and managing investment of funds <input type="checkbox"/></li> <li>Corresponding with bank regarding specific transfers <input type="checkbox"/></li> </ul>	<ul style="list-style-type: none"> <li>To pay Administration expenses</li> <li>Maintain the accounts and records of the insolvent estate</li> </ul>	<ul style="list-style-type: none"> <li>Statutory duties to               <ul style="list-style-type: none"> <li>manage the affairs, business and property of the company</li> <li>settle expenses in the prescribed order of priority</li> <li>keep proper books and records</li> </ul> </li> </ul>
	Closure procedures	<ul style="list-style-type: none"> <li>Withdrawing undertakings not relating to trading and obtaining clearances from third parties <input type="checkbox"/></li> <li>Completing checklists and diary management system →</li> <li>Closing down internal systems →</li> <li>Finalise and close Administration →</li> <li>Discharge from liability →</li> </ul>	<ul style="list-style-type: none"> <li>To comply with regulatory requirements or statute</li> </ul>	<ul style="list-style-type: none"> <li>Required by IA86 / IR86 or regulatory requirement</li> </ul>

## *Our relationships*

We have no business or personal relationships with the parties who approve our fees or who provide services to the Administration where the relationship could give rise to a conflict of interest

## *Payments to associates*

We have not made any payments to associates in the period covered by this report

## *Professionals and subcontractors*

Below is a list of professionals and subcontractors we used across the Group

<b>Service provided</b>	<b>Name of firm / organisation</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Legal services, including <ul style="list-style-type: none"><li>• Review of Company's security position</li><li>• Assisting with sale of Company's assets</li><li>• Legal advice to the Administrators</li></ul>	DLA Piper UK LLP	<ul style="list-style-type: none"><li>• Industry knowledge and insolvency expertise</li><li>• Knowledge of the Company</li></ul>	Time costs and disbursements
Legal services to send out 7 day legal letters to debtors who haven't paid	Browne Jacobson LLP	<ul style="list-style-type: none"><li>• Industry knowledge</li></ul>	£10 per legal letter sent
Property agents and accounts receivable audit <ul style="list-style-type: none"><li>• Council tax review</li><li>• Receivables review</li></ul>	Consultiam Property Limited trading as CAPA	Industry knowledge	Percentage of realisations
Utilities management <ul style="list-style-type: none"><li>• Meter readings</li><li>• Liaising with utility providers</li><li>• Arranging utility supplies</li><li>• Site security</li><li>• Records management</li></ul>	GMS Property Support Services Ltd trading as GMS Group	Industry knowledge	Fixed fee
Insurance broker <ul style="list-style-type: none"><li>• Reviewing insurance requirements</li><li>• Arranging insurance cover</li><li>• Dealing with insurance claims</li></ul>	JLT Speciality Limited	Industry knowledge	Commission on premiums
Valuation of chattel assets	Hilco Valuation Services	Industry knowledge	Fixed fee
Property valuation services	Lambert Smith Hampton	Industry knowledge	Fixed fee
Vehicle valuation services	Wyles Hardy & Co	Industry knowledge	Fixed fee

As appropriate, we require all third party professionals to submit time costs analyses and narrative in support of invoices rendered

As noted earlier in this report, the Group (including the Company) had entered into an IDF facility with the Secured Lenders. The IDF debt collection was being managed by ARMS. Following the sale of certain Group businesses to a company ultimately owned by the Gupta family, the purchaser also assisted ARMS in the collection of the IDF debts. With the Secured Lenders repaid in full, the IDF accounts have been released back to the Group, and any fees payable in connection with the collection of the IDF debts are being discharged from funds received.

## ***Appendix D: Other information***

Court details for the Administration	High Court of Justice, Chancery Division, Birmingham District Registry Case no. 8398 of 2015
Company's registered name	Caparo Industries plc
Trading name	n/a
Registered number	00630473
Registered address	7 More London Riverside, London SE1 2RT
Date of the Administrators' appointment	19 October 2015
Administrators' names and addresses	Anthony Steven Barrell, David Matthew Hammond and Robert Jonathan Hunt each of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT and Ian David Green of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
Extension to the initial period of appointment	12 months to 18 October 2017
Appointor's / applicant's name and address	The directors of the Company, Caparo House, 103 Baker Street, London W1U 6LN
Split of the joint administrators' responsibilities	In relation to paragraph 100(2) Sch B1 IA86, any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone.