Registration number: 02942875

Caparo India Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Caparo India Limited

Contents

Caparo India Limited

Company Information

Directors	D P Dancaster The Honourable Ambar Paul
Registered office	Caparo House 103 Baker Street London W1U 6LN
Auditor	Deloitte LLP Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3HW

Caparo India Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

The immediate parent of Caparo India Limited is Caparo Industries Plc. Historically, Caparo India Limited has not prepared consolidated accounts on the basis that the Company was included in the consolidation of Caparo Industries Plc, as permitted by Section 400 of the Companies Act 2006. On 19 October 2015 administrators were appointed to Caparo Industries Plc and its subsidiary undertakings, excluding Caparo India Limited and its subsidiary, Caparo Maruti Limited. The results of Caparo India Limited and its subsidiary Caparo Maruti Limited were consolidated into the results of Caparo Group Limited, the ultimate parent company up to the point of administration. The directors plan to restructure the group such that Caparo Maruti Limited will no longer be owned by Caparo India Limited and hence consolidated accounts will not be required after that point. Therefore, given the above, consolidated accounts for Caparo India Limited have not been prepared for the year ended 31 December 2021 and 31 December 2022 as the directors believe that there would be undue cost and burden to produce consolidated financial statements for these periods.

Fair review of the business
The principal activity of Caparo India Limited ("the Company") is to act as an intermediate holding company.

The Profit and Loss Account is set out on page 12. The loss for the year was (£4,267k) (2021 - loss £3,983k). The Balance Sheet shows a shareholders' deficit amounting to £112,299k (2021 - a deficit of £108,032k).

The Company has fully provided for the investment in its subsidiary in the previous year. The Company continues to incur interest on loans due to related parties, as described in note 10.

No dividend is proposed for the year ended 31 December 2022 or to the date of this report (2021 - £Nil).

No KPI's have been identified given the Company is a non-trading entity.

Principal risks and uncertainties
The principal risks and uncertainties surround the future of the Company as described in the going concern section of the Directors' Report and also the carrying value of the investment that the Company holds and whether any impairment of this investment is required.

Caparo India Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 (1) Statement
Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006.

The Board of Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2022, and in doing so have maintained a reputation for high standards of business conduct.

The Company's sole activity is as the UK intermediate holding company of 75% of the share capital of the Indian company, Caparo Maruti Limited. Caparo Maruti Limited is a joint venture between the Company and the Indian car manufacturer, Maruti Suzuki India Limited.

The Board are not involved in the day-to-day management of the business of Caparo Maruti Limited. The directors do not consider that the operations of the Company impact significantly on the community or the environment.

The Company is a wholly owned subsidiary of Caparo Industries Plc (in administration). The strategy of the Board is for the Company to restructure the group such that Caparo Maruti Limited will no longer be owned by the Company. It is expected that the Company will cease to operate at that point. The directors do not consider that this decision, or any other decision made, will impact significantly on any key stakeholders or their interests.

The Company has no employees, customers, or suppliers. The Company's creditors are solely its immediate parent company, Caparo Industries Plc (in administration), and companies within the Caparo Group.

Approved and authorised by the Board on ..29.9.23..... and signed on its behalf by:

DP Dancaster

....
D P Dancaster
Director

Caparo India Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activity
The principal activity of Caparo India Limited ("the Company") is to act as an intermediate holding company.

Directors of the Company
The directors who held office during the year and to the date of this report were as follows:

D P Dancaster

The Honourable Ambar Paul

Dividends
No dividend payment is proposed for the financial year ended 31 December 2022 or to the date of this report (2021: £Nil).

Financial instruments

Objectives and policies

The Company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

Price risk, credit risk, liquidity risk and cash flow risk

Operations and working capital requirements are financed by short term parent group company loans.

Future developments
The directors expect the Company to continue in operation as an intermediate holding company, until such time as the group is restructured.

The directors are unable to evaluate the impact of the Russia/Ukraine conflict on the business, however they believe it will not have a significant impact going forward or on going concern.

The directors do not consider that the effects of climate change, will have a significant effect on the business.

Going concern
The Company has net liabilities of £112,299k (2021 - net liabilities of £108,032k) at the balance sheet date. The Company has not traded during the year. The Company owes £84,925k (2021 - £81,699k) to Caparo Industries Plc (in administration) at the balance sheet date which, if demanded for repayment, could not be met by the Company. The Company acts as a holding company holding an investment in Caparo Maruti Limited and the directors plan to restructure the group such that Caparo Maruti Limited will no longer be owned by Caparo India Limited and the Company will cease to operate at this point. As a result, the directors have prepared these financial statements on a basis other than that of a going concern.

Energy and carbon reporting
Caparo India Limited is exempt from the requirement to make certain disclosures regarding greenhouse gas emissions and energy consumption as annual energy consumption within the UK and offshore area is less than 40,000kWh.

Statement on business relationships
The directors ensure that the Company acts responsibly, and in line with the policies adopted by entities under the control of Caparo Group Limited.

The Company has no employees, customers, or suppliers. The Company's creditors are solely its immediate parent company, Caparo Industries Plc (in administration), and companies within the Caparo Group.

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This disclosure is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Reappointment of auditors
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting. The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on ...29.9.23.... and signed on its behalf by:

DP Dancaster

....
D P Dancaster
Director

Caparo India Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Caparo India Limited

Independent Auditor's Report to the Members of Caparo India Limited

Report on the audit of the financial statements

Adverse Opinion

In our opinion, because of the significance of the matter described in the basis for adverse opinion section of our report, the financial statements of Caparo India Limited (the 'Company' and the 'parent company') and its subsidiaries (the 'group'):

- do not give a true and fair view of the state of the group's affairs as at 31 December 2022 and of the group's result for the year then ended;
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have not been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion, except for the effects of the matter described in the basis for adverse opinion section of our report, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2022 and of the parent company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Caparo India Limited (the 'Company') for the year ended 31 December 2022, which comprise:

- the Profit and loss account,
- the Statement of Comprehensive Expense,
- the Balance Sheet,
- the Statement of Changes in Equity,
- the Statement of Cash Flows, and
- the Notes to the Financial Statements 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including "Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for adverse opinion

As more fully explained in note 2 to the financial statements, the financial statements of the Company do not include consolidated financial statements for its group as required by section 399 of the Companies Act 2006 and Section 9 of Financial Reporting Standard 102 Consolidated and Separate Financial Statements. As a consequence, the financial statements do not give the information required by United Kingdom Generally Accepted Accounting Practice about the economic activities of the group of which the Company is the parent. It is not practicable to quantify the effects of this departure. Our opinion on the parent company's financial statements is also qualified for this matter as a failure to prepare a consolidated financial statements is a departure from the requirements of United Kingdom Generally Accepted Practice and the Companies Act 2006. In addition, the strategic report and directors' report do not consider the effects with respect to the amounts or other items in the annual report affected by the failure to prepare consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the group financial statements and qualified opinion on the parent company financial statements.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themeselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for adverse opinion section of our report, the financial statements of the Company do not include consolidated financial statements for its group. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by the failure to prepare consolidated financial statements.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Caparo India Limited (continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the finanancial statements. These included UK Companies Act and tax legislation; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specidic procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the nomal course of business.

Independent Auditor's Report to the Members of Caparo India Limited (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, because of the significance of the matter described in the basis for adverse opinion section of our report, based on the work undertaken in the course of the audit:

- the strategic report and directors' report have not been prepared in accordance with applicable legal requirements.

In our opinion, except for the effects of the matters described in the basis for adverse opinion section of our report, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

As a result of the matters identified in the basis for adverse opinion section of our report, in the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have identified material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

Arising from the matter described in the basis for adverse section of our report referred to above:

- we have not received all the information and explanations that we consider necessary for the purpose of our audit.

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Nicola Sarah Paul FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

St Peter Port
Guernsey

Date: 29 September 2023

Caparo India Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover		-	-
Gross profit		-	-
Administrative expenses		-	(1,512)
Operating loss		-	(1,512)
Interest payable and similar expenses	3	(4,267)	(2,471)
Loss before taxation		(4,267)	(3,983)
Tax on loss	7	-	-
Loss for the financial year		(4,267)	(3,983)

The above results were derived from continuing operations.

The notes on pages 17 to 25 form an integral part of these financial statements.

Caparo India Limited

Statement of Comprehensive Expense for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Loss for the year	(4,267)	(3,983)
Total comprehensive expense for the year	(4,267)	(3,983)

The notes on pages 17 to 25 form an integral part of these financial statements.

Caparo India Limited

(Registration number: 02942875)
Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	74	74
Creditors: Amounts falling due within one year	10	(112,373)	(108,106)
Net current liabilities		(112,299)	(108,032)
Net liabilities		(112,299)	(108,032)
Capital and reserves			
Called up share capital	11	10	10
Profit and loss account	12	(112,309)	(108,042)
Shareholders' deficit		(112,299)	(108,032)

Approved and authorised by the Board on 29.9.23 and signed on its behalf by:

DP Dancaster

....

D P Dancaster
Director

The notes on pages 17 to 25 form an integral part of these financial statements.

Caparo India Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	10	(104,059)	(104,049)
Loss for the year	-	(3,983)	(3,983)
Total comprehensive expense	-	(3,983)	(3,983)
At 31 December 2021	10	(108,042)	(108,032)

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	10	(108,042)	(108,032)
Loss for the year	-	(4,267)	(4,267)
Total comprehensive expense	-	(4,267)	(4,267)
At 31 December 2022	10	(112,309)	(112,299)

The notes on pages 17 to 25 form an integral part of these financial statements.

Caparo India Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Cash flows from operating activities		
Operating loss for the year	-	(1,512)
Working capital adjustments		
Provision against investments and receivables	-	1,512
Net cash flow from operating activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

The notes on pages 17 to 25 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, incorporated, registered and domiciled in England and Wales.

Principal activity
The principal activity of the Company is to act as an intermediate holding company.

The address of its registered office is:
Caparo House
103 Baker Street
London
W1U 6LN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Group accounts not prepared
The immediate parent of Caparo India Limited is Caparo Industries Plc. Historically, Caparo India Limited has not prepared consolidated accounts on the basis that the Company was included in the consolidation of Caparo Industries Plc, as permitted by Section 400 of the Companies Act 2006. On 19 October 2015 administrators were appointed to Caparo Industries Plc and its subsidiary undertakings, excluding Caparo India Limited and its subsidiary undertaking. The results of Caparo India Limited and its subsidiary Caparo Maruti Limited were consolidated into the results of Caparo Group Limited, the ultimate parent Company up to the point of administration. The directors plan to restructure the group such that Caparo Maruti Limited will no longer be owned by Caparo India Limited and hence consolidated accounts will not be required after that point. Therefore, given the above, consolidated accounts for Caparo India Limited have not been prepared for the year ended 31 December 2022 as the directors believe that there would be undue cost and burden to produce consolidated financial statements for this period.

2 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical assumptions and other factors that are considered to be relevant.

The key estimation is around the carrying value of the investments as follows:

The carrying value of the investments in non-quoted equity is held at cost less impairment. The cost is £1,512k. In the current year, the latest unaudited financial information available indicates the net assets of the subsidiary are not sufficient to support the value of this investment, and the directors have fully provided for this investment. The carrying value of this investment is £nil in the current year (2021 - £nil). The carrying amount is £Nil (2021 -£Nil).

The judgement around going concern is as follows:.

Going concern
The Company has net liabilities of £112,299k (2021 - net liabilities of £108,032k) at the balance sheet date. The Company has not traded during the year. The Company owes £84,925k (2021 - £81,699k) to Caparo Industries Plc (in administration) at the balance sheet date which, if demanded for repayment, could not be met by the Company. The Company acts as a holding company holding an investment in Caparo Maruti Limited and the directors plan to restructure the group such that Caparo Maruti Limited will no longer be owned by Caparo India Limited and the Company will cease to operate at this point. As a result, the directors have prepared these financial statements on a basis other than that of a going concern.

Tax
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timings differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 Accounting policies (continued)

Tax (continued)
Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investments
Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments
Financial assets and financial liabilities are recognised in line with section 11 of FRS 102, when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement consitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforecable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Accounting policies (continued)

Financial instruments (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount, (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a posiiive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receviable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occured after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to deterimine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest payable on loans from group undertakings	4,267	2,471

4 Staff costs

There were no staff in either 2022 or 2021. There is no remuneration of key management personnel in this entity (2021 - £Nil).

5 Directors' remuneration

The directors did not receive any direct remuneration from the Company for qualifying services performed for the Company. However the directors received remuneration from other group companies which included remuneration for services provided to the Company. The directors do not consider it practical to allocate amounts paid between subsidiaries.

6 Auditor's remuneration

The fee for the audit of the financial statements of £15,800 (2021 - £14,400) and the fee for taxation compliance of £3,680 (2021 - £3,500) were borne by a fellow subsidiary company of Caparo Group Limited, the ultimate parent company, and not recharged.

7 Tax on loss

The tax on loss for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Loss before tax	(4,267)	(3,983)
Corporation tax at standard rate of 19% (2021: 19%)	(811)	(757)
Effect of expense not deductible in determining taxable profit (tax loss)	-	287
Tax increase from transfer pricing adjustments	811	470
Total tax credit	-	-

Deferred tax

There are unused tax losses of £9,596 (2021 - £9,596) for which no deferred tax asset is recognised in the Balance Sheet.

The deferred tax asset has not been recognised as there is uncertainty over the recoverability of the asset.

In the 2021 Budget the Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. The Company's deferred tax assets and liabilities have been calculated at 25% (2021: 25%) being the rate substantively enacted at the balance sheet date.

8 Investments

Subsidiaries	**£ 000**
Cost	
At 1 January 2022 and 31 December 2022	1,512
Provision	
At 1 January 2022 and 31 December 2022	1,512
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

Details of undertakings

The Company has an investment in the following subsidiary undertaking:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2022	2021
Subsidiary undertakings				
Caparo Maruti Limited	Plot 7, Maruti JV Complex, Udhyog Vihar, Gurugram, Haryana 122015, India	Ordinary	75%	75%

Caparo Maruti Limited

The principal activity of Caparo Maruti Limited is manufacture of sheet metal components for vehicles.

Caparo Maruti Limited has cancelled 20% of its original share capital and attempted to return the subscription monies to the original third party subscribers. Caparo Maruti Limited is in legal dispute with the subscribers for 20% of original share capital over its right to cancel the shares. The holding of the Company in Caparo Maruti Limited was 60% before cancellation of shares (Note 13).

The carrying value of this investment is £nil in the current year (2021 - £nil).

9 Debtors

	Note	2022 £ 000	2021 £ 000
Amounts falling due within one year			
Amounts owed by related parties	14	74	74

Amounts owed by related parties are payable on demand and do not bear interest.

10 Creditors: amounts falling due within one year

	Note	2022 £ 000	2021 £ 000
Due within one year			
Amounts due to related parties	14	112,373	108,106

The amounts owed to related parties have no fixed repayment date and interest is charged at commercial rates.

11 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	10	10	10	10

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
The Company has one class of ordinary shares which carry no right to fixed income.

12 Profit and loss account

The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjistments.

13 Contingent liabilities

Caparo Maruti Limited (CML), an Indian subsidiary company of Caparo India Limited (UK), based on legal advice that approximately 20% of the original share capital had been improperly subscribed for by a third party subscriber other than Caparo, cancelled the said allotment in 2004 and attempted to refund the subscription monies to the third party subscriber. This action has been disputed by the subscriber. Although CML and the said subscriber are in legal disputes on this issue, the cancellation of the above allotment has not been altered or interfered with by any Indian judicial authority. Following the cancellation of the share capital, CML is presently a 75% subsidiary of Caparo India Limited (UK), compared to its 60% holding at the time of original subscription. The accounts of CML have provided for the liability of refunding the original subscription money payable to the subscriber, amounting to approximately £295,000. CML is advised that its actions are legally valid and that the court cases are likely to be decided in its favour. This has no impact on the financial statements of the Company as the investment has been fully provided against in the current year.

14 Related party transactions

Summary of transactions with other related parties

As at 31 December 2022, Caparo India Limited owed Caparo Group Limited £6,916k (2021 - £6,654k). Interest payable on this loan during the year was £263k (2021 - £152k). As at 31 December 2022, Caparo India Limited owed Caparo Ltd £20,532k (2021 - £19,753k). Interest payable on this loan during the year was £779k (2021 - £451k). As at 31 December 2022, Caparo India Limited owed Caparo Industries Plc (in administration) £84,925k (2021 - £81,699k). Interest payable on this loan during the year was £3,225k (2021 - £1,869k).

As at 31 December 2022, Caparo India Limited was due £74k (2021 - £74k) from Caparo Maruti Limited.

15 Parent and ultimate parent undertaking

The Honourable Ms Anjli Paul, and The Honourable Ambar Paul, both directors of Caparo Group Limited and the latter a director of Caparo India Limited, The Right Honourable The Lord Paul of Marylebone and Akash Paul, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands. Caparo International Corporation ultimately holds the issued share capital of Caparo Group Limited on behalf of a series of family trusts.

The Company's immediate parent is Caparo Industries Plc, incorporated in United Kingdom. As the immediate parent company, Caparo Industries Plc, is in administration, it is not considered to have control over Caparo India Limited.

The ultimate parent is Caparo Group Limited, incorporated in United Kingdom.