

The Insolvency Act 1986

Administrator's progress report

Name of Company Moorgate Industries 1 Limited	Company Number 08164949
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 6783 of 2015

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

We (a) David James Kelly of PricewaterhouseCoopers LLP, 101 Barbican Square Manchester M2 3PW, Paul David Copley of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT 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

from


to

(b) Insert dates

(b) 14 October 2015

(b) 13 April 2016

Signed



Joint Administrator

Dated 13 May 2016

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Sahil Aggarwal	
7 More London Riverside, London SE1 2RT	
	Tel 020 7804 2389
DX Number	DX Exchange

SATURDAY



A30 14/05/2016 #93
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

Joint administrators' progress report
from 14 October 2015 to 13 April
2016

***Moorgate Industries 1 Limited
(in administration)***

12 May 2016

High Court of Justice, Chancery Division,
Companies Court

Case no. 6783 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	Moorgate Industries 1 Limited
Administrators	David James Kelly, Paul David Copley and Ian David Green
firm	PricewaterhouseCoopers LLP
IR86	Insolvency Rules 1986
IA86	Insolvency Act 1986
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Group	International steel trading group which traded as Stemcor
MIL	Moorgate Industries Limited (in administration), parent company of the Group
MILL	Moorgate Industries Loans Limited (in administration), treasury function and main borrower for the Group
Core Group	Direct and indirect subsidiaries of MI1L, which carried out the Group's core steel trading operations
RemainCo	The Group's Indian business and various other non-core companies
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
Junior and Senior Lenders, together the Lenders	Creditors with security in respect of their debt, in accordance with section 248 IA86
preferential creditors	Primarily claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
unsecured creditors	Creditors who are neither secured nor preferential
HMRC	HM Revenue & Customs

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 14 October 2015

How much creditors may receive

You'll remember that the administration forms part of the final stages in the wider financial and organisational restructuring of the Group. The following table summarises the possible outcome for creditors*, based on what we currently know

Class of creditor	Outcome	Comments
Secured creditors	\$1.5k	This is the expected balance of funds on completion of the administration from cash received from MIL on the direction of the Senior Lenders who participated in the financial restructuring for the purposes of meeting administration expenses
Preferential creditors	N/A	There are no preferential claims as the Company did not have any employees
Unsecured creditors	N/A	There are no unsecured creditors

**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*

What you need to do if you're a creditor

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

Overview of our work

Why we were appointed

You may remember that when we were appointed, the position was as follows

- The Company was an intermediary holding company within the Group
- We were appointed because the Group experienced trading difficulties following a decline in the global commodity price of steel and an unsustainable level of debt in excess of \$1bn due to the Lenders, which could not be serviced
- As ultimate parent of the Group, MIL was facing
 - Low demand for steel,
 - Instability within the Group's business in India,
 - Cash shortages,
 - Breaches in asset realisation targets, and
 - No prospect of a viable purchaser

Following a high level contingency plan and consideration of the various options, the Group and a co-ordinating committee of the Senior Lenders agreed that a Lender led restructuring was the only viable option to secure a long-term future of the business

A scheme of arrangement, sanctioned by the Court, became effective on 30 September 2015 to allow the Core Group to be relieved of the pre-restructuring Lender debt and continue as a viable and sustainable business by way of a de-merger of the Group. This led to the appointment of administrators over three Group companies

- MIL by order of the Court on 2 October 2015
- MILL and the Company on 14 October 2015

Group entities that fell outside of the Core Group formed RemainCo, which will remain in the Group with MIL as the parent company with a view to realising any shareholder value in due course

Progress since we last reported

Asset realisations

On 15 October 2015, the Company acting by the Administrators sold its 100% interest in Stemcor Holdings 2 Limited, an operating company and intermediary holding company of other Core Group operating entities, for £1

We provided full details of the transaction and the rationale for it in our notification to creditors on 22 October 2015. Please contact us if you'd like a copy.

The Company holds shares in a Slovakian based RemainCo entity, which is in liquidation. We are working with RemainCo management to explore and, if appropriate, effect a transfer of the Company's interests to enable the Slovakian entity's affairs to be wound up.

Approval of our proposals

On 25 November 2015, we sent to creditors our proposals for achieving the purpose of administration.

Creditors approved our proposals without modification by a meeting by correspondence.

Investigations and actions

We have reviewed the affairs of the Company and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No 2. We confirm that we have complied with these requirements.

Other issues

We've dealt with some additional issues as part of our statutory work as Administrators of the Company including tax compliance.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 14 October 2015 to 13 April 2016.

Funds held as at 13 April 2016 totalled \$1.8k.

Our expenses

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

Our fees

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

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

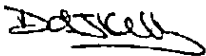
You can also get a copy free of charge by telephoning Sahil Aggarwal on 020 7804 2389

Next Steps

We expect matters will be finalised within a matter of months and therefore we will not be seeking an extension to the period of the administration. A final report will be issued on completion of the administration.

If you've got any questions, please don't hesitate to get in touch.

Yours faithfully
For and on behalf of Moorgate Industries 1 Limited



David Kelly
Joint administrator

David J Kelly, Ian D Green and Paul D Copley have been appointed as joint administrators of Moorgate Industries 1 Limited to manage its affairs, business and property as its agents and act without personal liability.

David J Kelly, Ian D Green and Paul D Copley 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

	<i>Estimated to realise per directors' statement of affairs \$'000</i>	<i>From 14 October 2015 to 13 April 2016 \$'000</i>	<i>Notes</i>
Receipts			
Funding from MIL on the direction of the participating Senior Lenders	-	163.9	1 & 2
Total receipts		163.9	
Payments			
Distributions on directions of the participating Senior Lenders		-	
Administrators' fees		134.9	
Administrators' disbursements		-	
Statutory and other costs		0.2	
Irrecoverable VAT expense		27.0	3
Total payments		162.1	
Balance of funds in hand		1.8	4

Notes

- 1 The pre-appointment cash reserve was allocated across the Group as agreed in the restructuring agreement
- 2 All of the Company's assets are subject to the participating Senior Lenders' fixed charge
- 3 The Company was a holding company within the Group and did not trade. Consequently, VAT is not recoverable
- 4 Funds are held in an interest bearing USD bank account. The indicative foreign exchange rate for the purpose of this report is GBP/USD = 1.42389 as at 13 April 2016

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes irrecoverable VAT and any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix B, which shows expenses actually paid during the period.

\$'000	Paid in the period under review	Incurred but not paid	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
Administrators' fees	134.9	0.0	134.9	0.0	134.9	134.9	0.0
Administrators' disbursements	0.0	0.3	0.3	0.0	0.3	0.1	0.2
Statutory & other costs	0.2	0.0	0.2	0.0	0.2	0.2	0.0
Total	135.1	0.3	135.4	0.0	135.4	135.2	0.2

Explanation for the variances against the initial estimate

- Administrators' disbursements are for the appointees' bonding as required by statute and was higher than expected.

Appendix C: Remuneration update

Our fees were approved on a fixed fee basis by a meeting of creditors' by correspondence. We have drawn fees of £90k plus VAT (converted to US\$ at the date of payment) in line with the approval given in respect of statutory and compliance work that we expect to do over the life of the case, as shown on the enclosed receipts and payments account.

Our work for the period 14 October 2015 to 13 April 2016

Whilst this is not an exhaustive list, in the following table we provide more detail on the key work undertaken.

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets			<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Sale of part of business	<ul style="list-style-type: none"> Completing the sale of shares in Stemcor Holdings 2 Limited to Stemcor Acquisitions Limited as part of the wider financial restructuring of the Stemcor Group Entering into ancillary agreements in connection with the restructuring 	<ul style="list-style-type: none"> To achieve a better realisation for creditors than if the Company had gone into liquidation (without first being in administration) 	
Creditors			<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
Secured creditors	<ul style="list-style-type: none"> Responding to Senior Lender queries 	<ul style="list-style-type: none"> Stakeholder management As required by the terms of the new lending facility 	
Pensions	<ul style="list-style-type: none"> Checking the Pension Protection Fund database for evidence of occupational pension schemes 	<ul style="list-style-type: none"> Regulatory requirement 	

	<ul style="list-style-type: none"> Discussions with management regarding results and subsequent verification that no statutory notices are required 		
Statutory & compliance		<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86/IR86 or a regulatory requirement
Initial letters and notifications	<ul style="list-style-type: none"> Preparing and issuing all required initial letters and notices regarding the administration and our appointment Arranging specific penalty insurance Filing notice of change of registered office at Companies House 		
Statement of affairs	<ul style="list-style-type: none"> Circulating notice to certain directors requiring submission of the statutory statement of affairs as at the date of the administration Liaison with the directors regarding the format of the statement and formal extensions to the deadline for submission Filing the final statement at Companies House and incorporation of the same in the Administrators' proposals 		
Directors	<ul style="list-style-type: none"> Filing at Companies House notices of director resignations 		
Case reviews	<ul style="list-style-type: none"> Strategy and case progression meetings 		
Remuneration report	<ul style="list-style-type: none"> Preparation and circulation to creditors 		

	<p>a report giving details of the work we expect to carry out during the case and the expenses that are likely to be incurred</p>
Proposals and meeting of creditors by correspondence	<ul style="list-style-type: none"> • Drafting and reviewing a statement of proposals to creditors including preparation of receipts and payments account and statutory information • Circulation of notice of the proposals to creditors, members and the Registrar of Companies • Preparation of meeting by correspondence notice, voting form and advertisement • Liaison with management and legal advisers to identify the Company's creditor population • Collating votes cast, preparing minutes of meeting and issuing a report on the outcome to the Registrar of Companies and creditors
Investigations and directors' conduct	<ul style="list-style-type: none"> • Circulation of questionnaire to all directors of the Company within the preceding three years and review of completed questionnaires • Review of relevant Company records • Undertaking an initial assessment to consider whether there could be any

	<p>matters that might lead to recoveries for the estate and what further investigations may be appropriate</p> <ul style="list-style-type: none"> • Preparing and submitting a return or report on the conduct of the directors in the three years preceding our appointment to the Department for Business, Innovation and Skills 		
Books and records	<ul style="list-style-type: none"> • Collection of statutory books and records • Dealing with records in storage • Sending job files to storage 	<ul style="list-style-type: none"> • Duty to take custody of the Company's books and records 	
Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents • Updating checklists and diary management system 	<ul style="list-style-type: none"> • Statutory duty to maintain proper records 	
Tax & VAT		<ul style="list-style-type: none"> • In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> • Governance • To ensure tax accounting is accurate for the benefit of creditors as a whole
Tax	<ul style="list-style-type: none"> • Collecting information for initial review • Completing tax review and dealing with enquiries • Liaison with RemainCo management and HMRC 		
VAT	<ul style="list-style-type: none"> • Collecting information for initial VAT review • Obtaining confirmation that VAT is not recoverable 		

Administration			
Strategy and planning	<ul style="list-style-type: none"> • Completion of job acceptance tasks • Preparing fee budgets, monitoring costs and raising fee bill • Holding team meetings not relating to trading and discussions regarding status of the administration 	<ul style="list-style-type: none"> • To resolve outstanding matters in line with the purpose of administration to achieve a better outcome for creditors than would be the case if the Company went into liquidation (without first being in administration) 	<ul style="list-style-type: none"> • The Administrators are required by statute to perform their functions as quickly and effectively as possible
<ul style="list-style-type: none"> • Accounting & treasury 	<ul style="list-style-type: none"> • Bank account opening and arrangement of facilities • Processing receipts, payments and journals • Preparing correspondence to open accounts 	<ul style="list-style-type: none"> • To maintain the books and records • Pay administration expenses 	<ul style="list-style-type: none"> • Statutory duties to manage the affairs, business and property of the Company, settle expenses in the prescribed order of priority, and keep proper books and records

Our future work

Area of work	Work we need to do	Whether or not the work will provide a financial benefit to creditors
Realisation of assets	<ul style="list-style-type: none"> • Work with RemainCo management to finalise matters in connection with the Company's Slovakian subsidiary 	<ul style="list-style-type: none"> • To maximise realisations for the benefit of creditors as a whole
Statutory & compliance		<ul style="list-style-type: none"> • Required by IA86/IR86 or a regulatory requirement
Case reviews	<ul style="list-style-type: none"> • Strategy and case progression reviews by case manager and appointment takers every six months following the appointment and on closure 	
Progress reports and ending the administration	<ul style="list-style-type: none"> • Preparing and issuing first interim and final progress reports to creditors and the Registrar of Companies • Preparation and circulation of notice to move the Company to dissolution 	

Tax & VAT		<ul style="list-style-type: none"> • Governance • To ensure tax accounting is accurate for the benefit of creditors as a whole
Tax and VAT	<ul style="list-style-type: none"> • Liaison with RemainCo management and HMRC to seek confirmation that there are no tax matters preventing the administration being brought to an end 	
Administration		
Closure procedures	<ul style="list-style-type: none"> • Accounting for remaining funds in hand on the direction of the participating Senior Lenders • Closure of the administration bank account • Completing checklists and diary management system • Closing down internal systems • Filing and circulating final progress report and notice of move to dissolution 	<ul style="list-style-type: none"> • Required by IA86/IR86 or a regulatory requirement

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by creditors of the Company where required.

During the period we incurred a Category 1 disbursement of £225 (\$320 as at the 13 April 2016 exchange rate). We didn't incur any Category 2 disbursements.

Our relationships

We have no business or personal relationships with the parties who approved 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 made no payments to associates.

Details of subcontracted work

No work, which we or our staff would normally do, has been done by subcontractors in the first six months of our appointment.

Legal and other professional firms

We have incurred no legal or other professional fees in connection with the administration.

Appendix D: Other information

Court details for the administration	High Court of Justice, Chancery Division, Companies Court 6783 of 2015
Company's registered name	Moorgate Industries 1 Limited
Trading name	Stemcor
Registered number	08164949
Registered address	7 More London Riverside, London SE1 2RT
Date of the joint administrators' appointment	14 October 2015
Joint administrators' names and addresses	David James Kelly of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Manchester M2 3PW, Paul David Copley of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT and Ian David Green of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
Extension(s) to the initial period of appointment	None
Appointor's / applicant's name and address	The directors of the Company, 7 More London Riverside, London SE1 2RT
Split of the joint administrators' responsibilities	In relation to paragraph 100(2) Sch B1 IA86, any act required or authorised to be done by the Administrators may be done by all or any one of the Administrators for the time being holding office