

The Insolvency Act 1986

Administrator's progress report

Name of Company Caparo Vehicle Technologies Limited	Company Number 05755850
In the High Court of Justice, Chancery Division, Birmingham District Registry (full name of court)	Court case number 8391 of 2015

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

We (a) David Matthew Hammond Anthony Steven Barrell and Stephen Arthur Cave administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 19 October 2015

(b) 18 April 2016

Signed 
 Joint Administrator

Dated 18 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.

PricewaterhouseCoopers LLP	
7 More London Riverside, London, SE1 2RT	
	Tel 020 7213 3362
DX Number	DX Exchange

FRIDAY



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Joint Administrators' progress
report from 19 October 2015 to 18
April 2016

***Caparo Vehicle Technologies
Limited
(in Administration)***

18 May 2016

High Court of Justice, Chancery Division, Birmingham
District Registry
Case no. 8391 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 Vehicle Technologies Limited
Administrators	David Matthew Hammond, Anthony Steven Barrell and Stephen Arthur Cave
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
Plc	Caparo Industries Plc (in Administration), a Group company
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 <ol style="list-style-type: none">1 unpaid wages for the whole or any part of the period of four months before 19 October 2015,2 accrued holiday pay for any period before 19 October 2015, and3 unpaid pension contributions in certain circumstances
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Innovations & Skills, 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 claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
IDF	Invoice discounting facility
DBIS	Department of Business Innovation and Skills
ARMS	Atlantic Risk Management Services

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 our appointment on 19 October 2015

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 £)	Timing
Secured creditors		
- Secured Lenders	100p/£	Completed
- Pension Scheme**	100p/£	Uncertain
Preferential creditors	100p/£	Uncertain
Unsecured creditors	Uncertain	Uncertain

**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 has calculated to be £3.2m) secured across the Group and not in respect of its fixed charge over two Group properties, the outcome of which is uncertain*

The Secured Lenders and the Pension Scheme have security across the Group. 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 (as opposed to the Administrators) and subsequently by the respective purchasers (detailed below), and 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 business and assets across the Group, the Secured Lenders were recently 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.

We stated in our proposals that we believed there would be no funds available to distribute to unsecured creditors other than by the prescribed part. We now anticipate that there may be a distribution to the unsecured creditors in addition to that from the prescribed part.

Whilst we expect there to be a dividend payable to unsecured creditors, we are unable to quantify the potential range of outcomes at present. This will depend on a number of key factors, including:

- 1 The level of unsecured creditor claims that are admitted to participate in the dividend,
- 2 The level of future realisations, both in the Company and across the Group, and
- 3 The extent to which the secured creditors suffer shortfalls at an individual entity level across the Group and need to be paid from surpluses in the Company in accordance with the cross guarantees.

What you need to do

As detailed in our covering letter and below, we are seeking approval from creditors to a 12 month extension to the period of the Administration. If you wish to vote, please complete Form 2 25B and, if not previously provided, send me written details of your claim against the Company on the enclosed statement of claim form. If you want to vote, please make sure that you return all completed documents so that I receive them by 18 June 2016.

Progress of the Administration

Background

You'll remember from our proposals for achieving the purpose of administration that when we were appointed, the Group was a diversified industrial group with headquarters in the Midlands and London. The Group

- Had a turnover of c £276m,
- Employed approximately 1,700 employees,
- Comprised 24 individual business units,
- Was located primarily within the Midlands, with some business units located elsewhere across England and Wales, and
- Held investments in businesses in the UK, Poland, the US and India

The Company was made up of a business with c £10m turnover and 94 employees

In order to protect and control the business of the Group, immediately following our appointment, we deployed specialist staff to the principal local offices and secured funding to continue to trade the business units in the hope of completing a going concern sale of the business and assets for the benefit of the creditors as a whole

Trading was initially financed through a Group overdraft facility that we put in place immediately following our appointment, with funding for arrears of wages owing at appointment being advanced by the Group's Secured Lenders

Sale of the business and/or asset realisations

Group wide business sale information

Overall we received expressions of interest from 312 parties ranging from interest in individual business units to the entire Group. Following initial conversations and providing teaser documents on the business units of interest, we provided data room access to 151 parties

Sale of the Company's business

The Company traded from leasehold premises in Leamington and undertook the design and manufacture of foundation brakes and clutch actuation components. In addition, it also designed a range of high performance components for sports cars and race applications and upgrade kits for the aftermarket sector. The products are used across motorsport, niche, luxury, classic, performance road cars, and off road vehicles and also more recently for component and electric vehicle applications

The key assets of the business were plant and machinery at the leasehold premises, book debts and stock (including raw materials, work in progress and finished goods)

We continued to trade the Company whilst pursuing a sale of the business. Following a period of negotiation with a number of parties, certain of the business and assets (plant and equipment and stock) of the Company were sold to a company ultimately owned by the Gupta family on 10 December 2015 for £0.8m. The sale resulted in 89 employees transferring to the purchaser

Trading

Our trading outcome is set out in the Receipts and Payments account in Appendix A. We received funding from a key customer to continue to trade for our trading costs and supervision fees, and this trading support income is not included in the trading receipts and meant that no trading loss was incurred. Continuing to trade the business was critical to optimising the outcome for creditors for a variety of reasons, including

- It significantly enhanced book debt realisations, by providing continuity of trade and mitigating the risk of non-payment from customers,
- It secured going concern premia for other asset classes, particularly plant and machinery, 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

Further work

Following the sale of the business, there are a number of matters which we and our team have continued to work on. These include

- monitoring the collection of debtors in relation to the administration trading period,
- resolving retention of title matters,
- settling trading accounts with suppliers and utility providers,
- retaining certain employees to complete Transitional Services Agreements with purchasers of the different Group businesses, focused primarily of cleansing the multitude of different IT systems of any sensitive or non-relevant data. After the period covered by this report the remaining employees transferred to a company ultimately owned by the Gupta family,
- dealing with any post sale of business / cut-off matters, and
- handling the collection of any surplus IDF debts

Further information in relation to the outstanding matters to be dealt with in the administration are set out in Appendix C

Approval of our proposals

On 11 December 2015, we sent to creditors our proposals for achieving the purpose of administration

We said in our proposals that we thought the Company does not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part

This meant that we did not have to hold a creditors' meeting to approve our proposals and our proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our proposals were treated as approved on 23 December 2015

Investigations and actions

In order to meet our obligations under the Company Directors Disqualification Act 1986 and SIP No 2, we have conducted investigations into the activities and key transactions of the Company and into the directors' conduct prior to Administration. In accordance with our statutory duties, the appropriate submissions have been made to the DBIS. The contents of such submissions are confidential

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the Administration from 19 October 2015 to 18 April 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 in this case

Further to our remuneration report circulated on 3 March 2016, our remuneration was approved on a time costs basis at a meeting by correspondence on 22 March 2016. Form 2 23B is also available at Appendix C summarising the outcome of the meeting and resolutions passed

Pre-administration costs

In Appendix D is information about the approval of the pre-administration costs previously detailed in our proposals

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 our creditor helpline on 020 7213 3362

Extension to the period of the Administration

The administration will automatically end after 12 months from appointment. For the reasons set out below, we believe that we will not have achieved the purpose of administration by then. Accordingly, we are seeking approval from secured, preferential and unsecured creditors to a 12 month extension to the period of the administration.

Prior to the administration, the Group had granted fixed and floating charge security in favour of the Secured Lenders and the Pension Scheme. As each Group company is jointly and severally liable for the amounts due under this security, a marshalling exercise was undertaken across the Group so that each company paid its fair portion of asset recoveries under these charges. Therefore, whilst there continues to be the possibility of future recoveries in any Group company, they must all remain in administration as there may need to be a reapportionment of funds.

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 Stephen Arthur Cave were appointed as Joint Administrators of Caparo Vehicle Technologies Limited on 19 October 2015 to manage its affairs, business and property as its agents and without personal liability. David Matthew Hammond and Anthony Steven Barrell are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. Stephen Cave is licensed to act as an Insolvency Practitioner in the United Kingdom. The licence is granted in Ireland by the Chartered Accountants Regulatory Board.

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		19/10/15 to 18/04/16
£	Assets subject to a Fixed Charge	£
257,000	Receipts	
	Plant & Machinery	55,008
-	Goodwill	1
	Total receipts	55,009
	Payments	
	Total payments	-
	Cash in hand	55,009
	Notes	
	2	
	Assets subject to a Floating Charge	19/10/15 to 18/04/16
£	Receipts	£
	Plant & Machinery	511,376
	Motor Vehicles	40,001
584,000	Stock	178,234
	Book debts	47,714
	Third party funds	1,363
	Net trading position	1,070,861
	Total receipts	1,849,549
	Payments	
	Prior appointee fees & expenses	5,321
	Office holders' fees	363,684
	Professional and legal fees	11,789
	Statutory advertising	137
	Total payments	380,931
	Cash in hand	1,468,618
	Notes	
	2	
	Trading Receipts and Payments Account	19/10/15 to 18/04/16
	Receipts	£
	Sales	1,672,369
	Other receipts	983,667
	Interest	1,015
	VAT	302,490
	Total receipts	2,959,541
	Payments	
	Wages and salaries	362,846
	PAYE / NI and other employee costs	44,240
	Trading costs	843,040
	Utilities & Rates	60,479
	Insurance	6,622
	ROT / Duress	571,453
	Total payments	1,888,680
	Net trading position	1,070,861
	Notes	
	1	

Notes

1) The company has achieved a net trading income position to date. Our commitment to trading this estate, in addition to maximising trading sales, has significantly enhanced other realisations, by providing continuity of trade and mitigating the risk of non-payment from customers.

2) Funds held in interest bearing accounts

We have taken an element of our fees to date, following creditor approval during March 2016. An exercise to apportion these fees, between fixed and floating charges is yet to be finalised. The fees taken in this company in isolation is subject to change.

Secured creditor distributions have, to date, been paid from only a number of Group companies. Owing to the cross guarantees in favour of the secured lenders and pension scheme, an exercise to correctly allocate these distributions across all Group companies will be completed in due course.

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.

Disbursement	SIP9 definition
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 total expenses estimate for the case is £3,084,371

The estimate excludes any potential 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>
Trading expenses					
Wages & salaries	359,880	-	359,880	359,880	-
PAYE / NI and other employee costs	175,291	-	175,291	175,291	-
Trading cost	823,532	-	823,532	823,532	-
Utilities & Rates	35,297	-	35,297	35,297	-
Insurance	104,737	-	104,737	104,737	-
Rent	39,000	-	39,000	39,000	-
ROT /Duress payments	449,000	-	449,000	449,000	-
Bank charges	574	-	574	574	-
Total Trading Expense	1,987,311	-	1,987,311	1,987,311	-
Other expenses					
Professional and legal fees	70,877	-	70,877	70,877	-
Office holders' costs	835,761	169,843	1,005,604	1,005,604	-
Office holders' disbursements	7,430	450	7,880	7,116	764
Pre-administration costs	12,562	-	12,562	12,562	-
Statutory advertising	137	-	137	80	57
Total other expenses	926,767	170,293	1,097,060	1,096,239	821
Total expenses (Excluding VAT)	2,914,078	170,293	3,084,371	3,083,550	821

Plc has incurred certain costs for the benefit of the Group as a whole. The amount payable by the Company to reimburse PLC has not been included in the above table as PLC has not yet settled all of these expenses

Appendix C: Remuneration update

Our fees were approved on a time costs basis by the secured, preferential and unsecured creditors at the meeting by correspondence on 22 March 2016. To 18 April 2016, we have drawn fees of £363,684 in line with the approval given, as shown on the receipts and payments accounts at Appendix A.

The time cost charges incurred in the period from 19 October 2015 to 31 March 2016 are £835,761. This amount does 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	Hours	Fees estimate (£)	Average hourly rate (£/hour)	Hours incurred	Time costs incurred	Average hourly rate for time costs incurred to
				19 Oct 2015 to 31 Mar 2016	19 Oct 2015 to 31 Mar 16 (£)	31 March 2016 (£/hour)
Asset realisations						
Sale of Business	138	60,418	438	143	62,933	442
Property	51	19,496	386	77	30,095	392
Debtors	90	31,649	350	74	27,212	368
Chattel Assets	19	8,106	433	20	8,743	433
Asset realisations - Total	298	119,669	402	314	128,983	412
Creditors	363	101,629	280	180	38,725	216
Employees and Pensions	130	43,243	331	135	44,815	333
Trading						
Trading management	833	322,984	388	762	303,076	398
Accounting and treasury	420	128,300	306	468	137,180	293
Retention of Title	106	34,032	320	94	30,083	320
Trading - Total	1,359	485,316	357	1,324	470,339	355
Investigations	33	10,917	330	2	954	434
Statutory and compliance	301	104,147	346	194	70,896	365
Tax and VAT	114	41,313	361	23	11,633	506
Project management, strategy and Administration	282	99,370	352	188	69,416	368
Total hours and fees estimate	2,880	1,005,604	349	2,360	835,761	354

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 (1 e 0 05 units). We don't charge general or overhead costs.

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

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.

Grade	Rate per hour (£)	Specialist maximum rate per hour (£)
Partner	590 - 825	1,190
Director	490 - 725	1,115
Senior manager	425 - 550	1,110
Manager	340 - 470	665
Senior associate	185 - 390	490
Associate	165 - 245	240
Support staff	87 - 123	140

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 31 March 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
Assets	Sale of business	<ul style="list-style-type: none"> Preparing an information memorandum ✓ Liaising with purchasers and solicitors ✓ Holding internal meetings to discuss/review offers received ✓ Negotiation of offers with different parties and completion of sale ✓ 	<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) 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Estimate	298 hours			
	£119,669			
Incurred to date	313 hours			
	£128,983			
Future	Property	<ul style="list-style-type: none"> Carrying out title searches and securing relevant property records ✓ Securing possession of property ✓ Liaising with valuers, agents and landlords ✓ 	<ul style="list-style-type: none"> To identify property assets, details of ownership and charges To protect property assets Ensure best value achieved and maintain property value To mitigate potential unsecured claims 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole Minimise possible unsecured claims
Nil	Debtors	<ul style="list-style-type: none"> Corresponding with debtors □ Reviewing and assessing debtors ledgers □ Liaising with debt collectors and solicitors □ Monitoring the collection of funded debts by the secured creditors and their agents □ 	<ul style="list-style-type: none"> Assess likelihood of debtor recoveries Put in place proportionate steps to recover debtors for the benefit of creditors 	<ul style="list-style-type: none"> Ensuring that debtor recoveries are maximised for a proportional cost, for the benefit of creditors as a whole
	Stock	<ul style="list-style-type: none"> Conducting stock takes ✓ Reviewing stock values ✓ Liaising with purchasers ✓ 	<ul style="list-style-type: none"> To identify what stock and work in progress is held and the associated estimated to realise values of these Seek possible purchasers to acquire stock 	<ul style="list-style-type: none"> Ensuring that stock recoveries are maximised for a proportional cost, for the benefit of creditors as a whole
	Other chattel assets	<ul style="list-style-type: none"> Liaising with valuers and interested parties ✓ Reviewing asset listings ✓ 	<ul style="list-style-type: none"> To allow office holder to understand the value of the assets and ensure an appropriate realisation strategy is used 	<ul style="list-style-type: none"> Maximise recoveries from chattel assets for the benefit of creditors as a whole

<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>
	Retention of title claims	<ul style="list-style-type: none"> • Arranging for the completion of retention of title claim forms ✓ • Maintaining retention of title file ✓ • Meeting claimants on site to identify goods ✓ • Adjudicating retention of title claims <input type="checkbox"/> • Corresponding with claimants regarding outcome of adjudication <input type="checkbox"/> • Negotiating potential settlements and making payments to satisfy valid claims <input type="checkbox"/> 	<ul style="list-style-type: none"> • To ensure that possible third party assets are identified and set aside • To check validity of retention of title claims • In order to make settlements with suppliers where stock used 	<ul style="list-style-type: none"> • Maximise stock recoveries whilst minimising unsecured claims, for the benefit of creditors as a whole
	Intangible assets	<ul style="list-style-type: none"> • Carrying out tasks associated with realising such assets ✓ 	<ul style="list-style-type: none"> • To understand the asset(s) and associated values • To ensure an appropriate realisation strategy is effected 	<ul style="list-style-type: none"> • Maximise recoveries from intangible assets for the benefit of creditors as a whole
	Insurance	<ul style="list-style-type: none"> • Identifying potential issues requiring attention of insurance specialists ✓ • Reviewing insurance policies ✓ • Detailed discussions with insurer regarding initial and ongoing insurance requirements <input type="checkbox"/> • Realising any value within policies ✓ 	<ul style="list-style-type: none"> • To ensure that appropriate insurance cover is in place at appropriate levels • To protect the estate from possible claims (such as public liability claims) • So that recoveries can be made from pre-insolvency policies 	<ul style="list-style-type: none"> • Mitigate the risk of any potential losses to creditors from damage to assets or from possible claims • Realisations from pre-administration policies
	Third party assets	<ul style="list-style-type: none"> • Reviewing leasing documents ✓ • Liaising with owners/lessors <input type="checkbox"/> • Carrying out tasks associated with assigning / disclaiming leases <input type="checkbox"/> 	<ul style="list-style-type: none"> • To enable third party owners to collect their assets and reduce their exposure for unpaid liabilities 	<ul style="list-style-type: none"> • Mitigates potential claims against the Company as unsecured amounts or administration expenses
Creditors Estimate	Creditor enquiries	<ul style="list-style-type: none"> • Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ • Updating website with reports and information for creditors <input type="checkbox"/> • Receiving and following up creditor enquiries via telephone, email and post <input type="checkbox"/> • Reviewing and preparing correspondence to creditors and their representatives <input type="checkbox"/> • Receiving and filing proofs of debt <input type="checkbox"/> 	<ul style="list-style-type: none"> • To comply with regulatory requirements or statute • Respond to queries from various stakeholders 	<ul style="list-style-type: none"> • Required by IA86 or IR86 or a regulator requirement
363 hours £101,629				
Incurred to date 180 hours £38,725				

<u>Category of work</u>	<u>General description</u>	<u>Work included</u>	<u>Why the work was necessary</u>	<u>What, if any, financial benefit the work provided to creditors OR whether it was required by statute</u>
Future 183 hours £62,904	Secured creditors	<ul style="list-style-type: none"> • Dealing with confirmation of debt forms and liaising with credit insurers <input type="checkbox"/> • Notifying secured creditors of appointment ✓ • Preparing reports to secured creditor <input type="checkbox"/> • Responding to secured creditors' queries <input type="checkbox"/> • Making distributions in accordance with security entitlements <input type="checkbox"/> 	<ul style="list-style-type: none"> • Stakeholder management • Dealing with specific reporting requirements as necessary 	<ul style="list-style-type: none"> • Required by IA86 or IR86 or a regulator requirement • The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
	Preferential claims	<ul style="list-style-type: none"> • Corresponding with employees regarding dividend → • Preparing, issuing and receiving employee preferential claim agreement forms → • Corresponding with the RPS regarding proof of debt → • Calculating dividend rate and preparing dividend file → • Advertising dividend notice → • Preparing and paying distribution → • Ensuring PAYE/NIC is deducted and remitted to HMRC → 	<ul style="list-style-type: none"> • To facilitate the agreement of claims and distribution to preferential creditors in an expeditious manner • To maintain the Company's books and records 	<ul style="list-style-type: none"> • Required by IA86 or IR86 or a regulator requirement • The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
	Unsecured claims	<ul style="list-style-type: none"> • Dealing with proofs of debt for dividend purposes → • Preparing correspondence to potential creditors inviting lodgement of proof of debt <input type="checkbox"/> • Receiving proofs of debt and maintaining register <input type="checkbox"/> • Adjudicating claims, including requesting further information from claimants → • Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend → • Advertising intention to declare dividend → 	<ul style="list-style-type: none"> • To facilitate the agreement of claims and distribution to unsecured creditors [from the prescribed part] in an expeditious manner • To maintain the Company's books and records 	<ul style="list-style-type: none"> • Required by IA86 or IR86 or a regulator requirement • The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records

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"> Calculating dividend rate and preparing dividend file → Preparing correspondence to creditors announcing declaration of dividend → Preparing and paying distribution → 		
	Shareholder enquiries	<ul style="list-style-type: none"> Responding to any shareholder queries <input type="checkbox"/> 	<ul style="list-style-type: none"> Stakeholder management 	<ul style="list-style-type: none"> Required as a regulator requirement
Employees and pensions	Communications with employees	<ul style="list-style-type: none"> Drafting, issuing and delivering initial communications and announcements ✓ Preparing letters to employees advising of their entitlements and options available ✓ Appointing employee representatives and holding regular meetings ✓ Receiving and following up employee enquiries via telephone, post and email <input type="checkbox"/> 	<ul style="list-style-type: none"> In order to consult with employees appropriately and provide information as may be required 	<ul style="list-style-type: none"> To mitigate possible claims against the insolvent estate In line with regulatory requirements
	Incurred to date 135 hours £44,815			
	Future Nil			
	Payroll	<ul style="list-style-type: none"> Reviewing employee files and company's books and records ✓ Reviewing awards and payroll structure ✓ Calculating and paying periodic payroll ✓ Deducting and paying over PAYE/NIC to HMRC and other deductions to relevant agencies and third parties <input type="checkbox"/> 	<ul style="list-style-type: none"> Assess employee numbers and remuneration packages To allow accurate reporting and payment of payroll 	<ul style="list-style-type: none"> Regulatory requirements and duty to maintain proper books and records
	Redundancy related work	<ul style="list-style-type: none"> Commencing / continuing a consultation process ✓ Selecting and making redundancies ✓ Liaising with the RPS and external agencies <input type="checkbox"/> 	<ul style="list-style-type: none"> In order to allow a fair and proper process to take place 	<ul style="list-style-type: none"> Consultation in line with legal and regulatory requirements
	Pensions	<ul style="list-style-type: none"> Reviewing insurance policies ✓ Issuing statutory notices ✓ Dealing with general pension scheme issues and the Pension Protection Fund <input type="checkbox"/> 	<ul style="list-style-type: none"> Required as a regulatory requirement 	<ul style="list-style-type: none"> Required as a regulatory requirement

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
Trading Estimate 1,359 hours £485,316	Trading management	<ul style="list-style-type: none"> Calculating contributions and requesting payments to the relevant scheme or policy <input type="checkbox"/> Implementing post administration controls and procedures <input checked="" type="checkbox"/> Liaising with suppliers <input checked="" type="checkbox"/> Liaising with management and staff <input checked="" type="checkbox"/> Liaising with utilities providers <input checked="" type="checkbox"/> Entering into post administration undertakings <input checked="" type="checkbox"/> Attending on site <input checked="" type="checkbox"/> Authorising purchase orders and other commitments <input checked="" type="checkbox"/> Maintaining purchase order registry <input checked="" type="checkbox"/> Preparing and authorising receipt and payment vouchers <input type="checkbox"/> Reviewing company's budgets and financial statements <input type="checkbox"/> Preparing budgets and financial reports <input type="checkbox"/> Holding meetings to discuss trading position <input type="checkbox"/> 	<ul style="list-style-type: none"> To enable the business to continue to trade To help protect value and achieve a greater outcome via a going concern sale 	<ul style="list-style-type: none"> Continued trading has resulted in reduced employee and supplier claims and maintained / enhanced value of the business
Incurring to date 1,324 hours £470,340				
Future 35 hours £14,976				
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system <input type="checkbox"/> 	<ul style="list-style-type: none"> To pay trading administration expenses Maintain the accounts and records of the insolvent estate 	<ul style="list-style-type: none"> Statutory duties to <ul style="list-style-type: none"> manage the affairs, business and property of the company settle expenses in the prescribed order of priority keep proper books and records
Investigations Estimate 33 hours £10,917	Conducting investigations	<ul style="list-style-type: none"> Collecting company books and records where related to investigatory work <input checked="" type="checkbox"/> Reviewing books and records <input checked="" type="checkbox"/> Preparing comparative financial statements and deficiency statement <input checked="" type="checkbox"/> Reviewing specific transactions and liaising with directors regarding certain transactions <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> Duty to take custody of the Company's books and records To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Incurring to date 2 hours				

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
£954	Future	<ul style="list-style-type: none"> Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills <input type="checkbox"/> 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
31 hours £9,963	Asset recoveries	<ul style="list-style-type: none"> Identifying potential asset recoveries <input type="checkbox"/> Instructing and liaising with solicitors regarding recovery actions <input type="checkbox"/> Holding internal meetings to discuss status of litigation → Attending to negotiations and settlement matters → 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Statutory and compliance Estimate 301 hours £104,147	Initial letters and notifications	<ul style="list-style-type: none"> Preparing and issuing all necessary initial letters and notices regarding the administration and our appointment ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Incurred to date 194 hours £70,896	Remuneration report	<ul style="list-style-type: none"> 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 ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Future	Case reviews	<ul style="list-style-type: none"> Conducting case reviews after the first month, then every six months <input type="checkbox"/> 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
107 hours £33,251	Proposals and initial meeting of creditors	<ul style="list-style-type: none"> Drafting and reviewing a statement of proposals to creditors including statutory information ✓ Circulating notice of the proposals to creditors, members and the Registrar of Companies ✓ Issuing notice of deemed approved proposals ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Progress reports and extensions	Progress reports and extensions	<ul style="list-style-type: none"> Preparing and issuing periodic progress reports to creditors and the Registrar <input type="checkbox"/> Making applications to creditors or court for the extension of the administration and filing relevant notices <input type="checkbox"/> 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement

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
	Other meetings / resolutions	<ul style="list-style-type: none"> Preparing documents and information for the purpose of obtaining approval to fees, Category 2 disbursements and other matters in the administration ✓ Convening meetings for resolutions to be considered / issuing resolutions to be considered by correspondence ✓ 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Books and records	<ul style="list-style-type: none"> Collecting company books and records where not related to investigatory work ✓ Dealing with records in storage <input type="checkbox"/> Sending case files to storage <input type="checkbox"/> 	<ul style="list-style-type: none"> To maintain proper books and records 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
	Other statutory and compliance	<ul style="list-style-type: none"> Filing of documents <input type="checkbox"/> Updating checklists and diary management system <input type="checkbox"/> 	<ul style="list-style-type: none"> Statutory duty to maintain proper records 	<ul style="list-style-type: none"> Required by IA86 / IR86 or regulatory requirement
Tax & VAT	Tax	<ul style="list-style-type: none"> Gathering information for the initial tax review ✓ Carrying out tax review and subsequent enquiries ✓ Preparing tax computations <input type="checkbox"/> Liaising with HMRC <input type="checkbox"/> Obtaining tax clearance <input type="checkbox"/> Submitting corporation tax returns → 	<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
Estimate 114 hours £41,313				
Incurring to date 23 hours £11,633				
Future 91 hours £29,680				
	VAT	<ul style="list-style-type: none"> Gathering information for the initial VAT review ✓ Initial notification as proper officer for tax ✓ Carrying out VAT review and subsequent enquiries ✓ Preparing and submitting VAT returns <input type="checkbox"/> Liaising with HMRC <input type="checkbox"/> De-registration ✓ 	<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

<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>
Administration Estimate 282 hours £99,370	Strategy and planning	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance ✓ • Preparing and updating estimated outcome statement <input type="checkbox"/> • Preparing fee budgets & monitoring cost <input type="checkbox"/> • Holding team meetings not relating to trading and discussions regarding status of administration <input type="checkbox"/> 	<ul style="list-style-type: none"> • To resolve outstanding matters in line with the purpose of Administration [insert] 	<ul style="list-style-type: none"> • The Administrators are required by statute to perform their functions as quickly and efficiently as possible
Incurring to date 188 hours £69,416	Accounting and treasury	<ul style="list-style-type: none"> • Opening and closing bank accounts <input type="checkbox"/> • Dealing with receipts, payments and journals not relating to trading <input type="checkbox"/> • Carrying out bank reconciliations and managing investment of funds <input type="checkbox"/> • Corresponding with bank regarding specific transfers <input type="checkbox"/> 	<ul style="list-style-type: none"> • To pay administration expenses • Maintain the accounts and records of the insolvent estate 	<ul style="list-style-type: none"> • Statutory duties to <ul style="list-style-type: none"> ◦ manage the affairs, business and property of the company ◦ settle expenses in the prescribed order of priority ◦ keep proper books and records
Future 94 hours £29,954		<ul style="list-style-type: none"> • Withdrawing undertakings not relating to trading and obtaining clearances from third parties <input type="checkbox"/> • Completing checklists and diary management system → • Closing down internal systems → • Finalise and close Administration → • Discharge from liability → 	<ul style="list-style-type: none"> • To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> • Required by IA86 / IR86 or regulatory requirement
	Closure procedures			

The following work categories in the above table typically include tasks that we must perform that may not directly benefit creditors financially. Creditors, Employees and pensioners, Investigations, Statutory and compliance, Tax & VAT and Administration. These typically relate to fulfilling obligations imposed by statute or regulatory bodies.

The work undertaken in the work categories Assets and Trading has helped to retain the value of the Company's assets and resulted in the best recovery in the estate. As an example, recoveries from book debts were materially improved by the strategy of continuing to trade and have enhanced the overall outcome for creditors.

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

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including <ul style="list-style-type: none">• Review of Company's security position• Assisting with sale of Company's assets• Legal advice to the Administrators	DLA Piper UK LLP	<ul style="list-style-type: none">• Industry knowledge and insolvency expertise• Knowledge of the Company	Time costs and disbursements
Property agents and accounts receivable audit <ul style="list-style-type: none">• Council tax review• Receivables review	Consultiam Property Limited trading as CAPA	Industry knowledge	Percentage of realisations
Utilities management <ul style="list-style-type: none">• Meter readings• Liaising with utility providers• Arranging utility supplies• Site security• Records management	GMS Property Support Services Ltd trading as GMS Group	Industry knowledge	Fixed fee
Insurance broker <ul style="list-style-type: none">• Reviewing insurance requirements• Arranging insurance cover• Dealing with insurance claims	JLT Speciality Limited	Industry knowledge	Percentage of realisations
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 is also assisting ARMS in the collection of the IDF debts. Any fees payable in connection with the collection of the IDF debts were being paid by the Secured Lenders to ARMS.

The Insolvency Act 1986

Notice of result of meeting of creditors

Name of Company Caparo Vehicle Technologies Limited	Company number 05755850
In the High Court of Justice, Chancery Division, Birmingham District Registry [full name of court]	Court case number 8391 of 2015

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

We (a) Anthony Steven Barrell and David Matthew Hammond each of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT and Stephen Arthur Cave of PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR

*Delete as applicable

hereby report that a meeting of the creditors of the above company was held

(b) Insert place of meeting

(b) by correspondence

(c) Insert date of meeting

on (c) 22 March 2016 at which

~~*1 Proposals / revised proposals were approved~~

~~*2 Proposals / revised proposals were modified and approved~~

*Delete as applicable

~~The modifications made to the proposals are as follows (d)~~

~~*3 The proposals were rejected~~

(d) Give details of the modifications (if any)

~~*4 The meeting was adjourned to (e)~~

*5 Other resolutions (f) were approved as follows (subject to certain conditions)

(e) Insert time and date of adjourned meeting

1 That the joint administrators are authorised to settle the unpaid pre-administration costs of PricewaterhouseCoopers LLP of £10,642 44 plus VAT and DLA Piper UK LLP of £1,886 63 plus VAT, and that these costs be paid as an expense of the administration

(f) Details of other resolutions passed

2 That the basis of the joint administrators' fees be fixed by reference to the time properly given by the administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature as set out in the fees estimate included in the joint administrators' remuneration report dated 3 March 2016

3 That the joint administrators be authorised to draw from time to time without further approval fees of up to £1,005,603 plus VAT, being the total amount set out in the fees estimate

4 That the joint administrators be authorised to draw Category 2 disbursements from time to time in respect of services provided by their own firm as follows Photocopying – charged for circulars to creditors and other bulk copying only at 12p per sheet, Mileage – at a maximum of 71p per mile (for engines up to 2 000cc) or 93p per mile (for engines over 2 000cc) from time to time

The following resolution was rejected

5 That the administrators be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action theirs as administrators 14 days after they cease to be joint administrators of the company

~~The revised date for automatic end to administration is~~

*Delete as applicable

A creditors committee was not formed



Signed _____
Joint Administrator

Dated 18 May 2016

*Delete as applicable

~~A copy of the original proposals are attached for those who did not receive such documents prior to the meeting~~

Appendix D: Pre-administration costs

The following costs incurred before our appointment with a view to the Group going into Administration were approved for payment at the meeting by correspondence on 22 March 2016. The costs attributable to the Company is £12,562 and £5,321 has been drawn in respect of the Company to date

Nature of costs	Amount (£)	Paid amount (£)
Fees charged by the Administrators	461,841.43	230,920.72
Disbursements incurred by the administrators	1,408.43	-
DLA Piper UK LLP	81,872.50	81,872.50
Total	545,122.36	312,793.22

DLA Piper UK LLP fees have been paid from PLC and £1,887 to be recharged in respect of this company in due course

Appendix E: Other information

Court details for the administration	High Court of Justice, Chancery Division, Birmingham District Registry Court number 8391 of 2015
Company's registered name	Caparo Vehicle Technologies Limited
Trading name	Caparo Vehicle Technologies Limited and Caparo AP Braking
Registered number	05755850
Registered address	7 More London Riverside, London SE1 2RT
Date of the Administrators' appointment	19 October 2015
Administrators' names and addresses	Anthony Steven Barrell and David Matthew Hammond each of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT and Stephen Arthur Cave of PricewaterhouseCoopers LLP, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR
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