

Company Registration No. 03752573 (England and Wales)

VEGA INDUSTRIES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

ATKINS & PARTNERS
CHARTERED ACCOUNTANTS

VEGA INDUSTRIES LIMITED

COMPANY INFORMATION

Directors	B. K. Shah P. R. Shah
Secretary	P. R. Shah
Company number	03752573
Registered office	Suite 3, 1st Floor Congress House 14 Lyon Road Harrow Middlesex HA1 2EN
Auditors	Atkins & Partners Chartered Accountants 4th Floor, Suite 2 B Congress House, Lyon Road Harrow Middlesex HA1 2EN
Bankers	HSBC Bank plc 184 High Street Bromley Kent BR1 1HE Emirates NBD Bank (PJSC) Baniyas Road Deira P. O. Box 777 Dubai UAE Standard Chartered Bank P. O. Box 999 Dubai U. A. E.

VEGA INDUSTRIES LIMITED

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VEGA INDUSTRIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Principal activities and review of the business

The principal activity of the company continued to be that of importing and distribution of grinding media.

The directors are pleased with the results for the year. Owing to the prevailing uncertainty in some part of the world where the company is operating, turnover has decreased by 14.2%. However, the company will be able to compensate this by an increase in other geographical areas where growth is expected. The overall gross profit margin has slightly decreased from 7.3% in 2014 to 6.63% in 2015 which is still within expectations.

The net profit margin excluding interest receivable has decreased from 2.5% in 2014 to 2.16% in 2015.

The outlook for economic climate is improving and this is expected to enhance the company's performance during the ensuing year.

The principal risks the company is facing are:

- Competition from competitors
- Currency risk
- Supply risk

The directors are of the opinion that they have adequate plans and strategies to mitigate these risks.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2014:

B. K. Shah

P. R. Shah

VEGA INDUSTRIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Interest rate risk

The company is not exposed to cash flow interest rate risk on bank overdrafts and loans as it has no external bank borrowings. Excess funds are invested as appropriate to maximise interest income.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary.

Auditors

In accordance with section 487 of the Companies Act 2006, a resolution proposing that Atkins & Partners, Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records that 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.

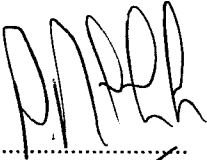
VEGA INDUSTRIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



.....
P. R. Shah
Director
7 May 2015

VEGA INDUSTRIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VEGA INDUSTRIES LIMITED

We have audited the financial statements of VEGA INDUSTRIES LIMITED for the year ended 31 March 2015 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 in an auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

VEGA INDUSTRIES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF VEGA INDUSTRIES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Mr. Atul Thanawala (Senior Statutory Auditor)
for and on behalf of Atkins & Partners

Chartered Accountants
Statutory Auditor

4th Floor, Suite 2 B
Congress House, Lyon Road
Harrow
Middlesex
HA1 2EN

7 May 2015

VEGA INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	30,322,087	35,338,824
Cost of sales		(28,315,411)	(32,749,210)
Gross profit		<u>2,006,676</u>	<u>2,589,614</u>
Administrative expenses		(1,353,658)	(1,701,992)
Operating profit	3	<u>653,018</u>	<u>887,622</u>
Other interest receivable and similar income	4	-	1,494
Profit on ordinary activities before taxation		<u>653,018</u>	<u>889,116</u>
Tax on profit on ordinary activities	5	(137,042)	(204,257)
Profit for the year	13	<u><u>515,976</u></u>	<u><u>684,859</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

VEGA INDUSTRIES LIMITED

BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	6		26,350		31,549
Investments	7		33,679		29,857
			<u>60,029</u>		<u>61,406</u>
Current assets					
Stocks	8	2,677,837		3,092,919	
Debtors	9	8,081,524		8,448,741	
Cash at bank and in hand		434,888		570,025	
		<u>11,194,249</u>		<u>12,111,685</u>	
Creditors: amounts falling due within one year	10	(7,174,141)		(8,607,536)	
Net current assets			<u>4,020,108</u>		<u>3,504,149</u>
Total assets less current liabilities			<u>4,080,137</u>		<u>3,565,555</u>
Provisions for liabilities	11		(4,557)		(5,951)
Net assets			<u><u>4,075,580</u></u>		<u><u>3,559,604</u></u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		4,065,580		3,549,604
Shareholders' funds	14		<u><u>4,075,580</u></u>		<u><u>3,559,604</u></u>

Approved by the Board and authorised for issue on 7 May 2015



.....
P. R. Shah
Director

Company Registration No. 03752573

VEGA INDUSTRIES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	2015		2014	
	£	£	£	£
Net cash inflow from operating activities		90,673		571,195
Returns on investments and servicing of finance				
Interest received	-		1,494	
	-----		-----	
Net cash (outflow)/inflow for returns on investments and servicing of finance		-		1,494
Taxation		(224,420)		(173,945)
Capital expenditure				
Payments to acquire tangible assets	(1,390)		(7,040)	
	-----		-----	
Net cash outflow for capital expenditure		(1,390)		(7,040)
		-----		-----
Net cash (outflow)/inflow before management of liquid resources and financing		(135,137)		391,704
		-----		-----
Increase/(decrease) in cash in the year		(135,137)		391,704
		=====		=====

VEGA INDUSTRIES LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

1 Reconciliation of operating profit to net cash outflow from operating activities		2015	2014	
		£	£	
Operating profit		653,018	887,622	
Depreciation of tangible assets		6,589	7,887	
Decrease in stocks		415,082	2,305,238	
Decrease/(increase) in debtors		367,217	(993,037)	
Decrease in creditors within one year		(1,347,410)	(1,639,334)	
Net effect of foreign exchange differences		(3,823)	2,819	
Net cash inflow from operating activities		<u>90,673</u>	<u>571,195</u>	
2 Analysis of net funds	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	570,025	(135,137)	-	434,888
Bank deposits	-	-	-	-
Net funds	<u>570,025</u>	<u>(135,137)</u>	<u>-</u>	<u>434,888</u>
3 Reconciliation of net cash flow to movement in net funds		2015	2014	
		£	£	
(Decrease)/increase in cash in the year		(135,137)	391,704	
Movement in net funds in the year		<u>(135,137)</u>	<u>391,704</u>	
Opening net funds		570,025	178,321	
Closing net funds		<u>434,888</u>	<u>570,025</u>	

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Consolidation

The financial statements contain information about Vega Industries Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company itself is a wholly owned subsidiary undertaking of the ultimate parent company AIA Engineering Limited, incorporated in India. The financial statements of the company and its subsidiary undertaking are included in the consolidated financial statement of the ultimate parent company.

1.3 Turnover

Turnover comprises the value of sales and services excluding value added tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	20% per annum on written down value
Fixtures, fittings & equipment	20% per annum on written down value

1.5 Investments

Investments are included at cost less amounts written off. Profit or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities including that of subsidiary undertaking.

1.6 Stock

Stock is stated at the lower of cost and net realisable value.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

2 Turnover

Geographical market

	Turnover	
	2015	2014
	£	£
United Kingdom	813,177	1,698,410
Europe	26,615,899	29,824,875
Rest of the world	2,893,011	3,815,539
	30,322,087	35,338,824
	30,322,087	35,338,824

3 Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	6,589	7,887
Loss on foreign exchange transactions	-	2,819
Auditors' remuneration	15,000	15,000
and after crediting:		
Profit on foreign exchange transactions	(3,823)	-
	(3,823)	-
	(3,823)	-

4 Investment income

	2015	2014
	£	£
Other interest receivable	-	1,494
	-	1,494
	-	1,494

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

5	Taxation	2015	2014
		£	£
	Domestic current year tax		
	U.K. corporation tax	138,436	204,421
	Deferred tax	(1,394)	(164)
		<u>137,042</u>	<u>204,257</u>
	 Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>653,018</u>	<u>889,116</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	<u>137,134</u>	<u>204,497</u>
	Effects of:		
	Non deductible expenses/income	425	16
	Depreciation minus capital allowances	877	(92)
		<u>1,302</u>	<u>(76)</u>
	 Current tax charge	<u>138,436</u>	<u>204,421</u>
 6	 Tangible fixed assets		
		Computer equipment	Fixtures, fittings & equipment
		£	£
	Cost		Total
	At 1 April 2014	48,203	57,869
	Additions	1,390	-
		<u>49,593</u>	<u>57,869</u>
	At 31 March 2015	49,593	57,869
	 Depreciation		
	At 1 April 2014	33,661	40,862
	Charge for the year	3,187	3,402
		<u>36,848</u>	<u>44,264</u>
	At 31 March 2015	36,848	44,264
	 Net book value		
	At 31 March 2015	<u>12,745</u>	<u>13,605</u>
	At 31 March 2014	<u>14,542</u>	<u>17,007</u>

VEGA INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2013	29,856
	<hr/>
Adjustment for exchange	
Exchange differences	(3,823)
	<hr/>
Net book value	
At 31 March 2015	33,679
	<hr/> <hr/>
At 31 March 2014	29,857
	<hr/> <hr/>

The above represents 100% of the paid up ordinary share capital in the subsidiary undertaking in the United States of America, Vega Industries, Ltd whose nature of business is importation and distribution of grinding media.

The aggregate amount of share capital and reserves of the subsidiary undertaking at 31 March 2015 was USD\$1,042,059 (31.3.2014: USD\$ 1,031,993) and the net profit/(loss) for the year ended on that date was USD\$10,066 (31.3.2014: USD\$ (16,044)).

	2015 £	2014 £
8 Stocks		
Finished goods	2,677,837	3,092,919
	<hr/> <hr/>	<hr/> <hr/>

	2015 £	2014 £
9 Debtors		
Trade debtors	7,902,932	8,297,013
Other debtors and prepayments	178,592	151,728
	<hr/> <hr/>	<hr/> <hr/>
	8,081,524	8,448,741
	<hr/> <hr/>	<hr/> <hr/>

VEGA INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

10 Creditors: amounts falling due within one year	2015	2014
	£	£
Trade creditors	129,315	112,257
Advance payments from customers	3,066,053	3,482,893
Amounts owed to parent undertaking	3,625,572	4,501,921
Amounts owed to ultimate parent undertaking	57,493	65,458
Corporation tax	28,436	114,421
Other taxes and social security costs	16,510	13,330
Other creditors and accruals	250,763	317,256
	<u>7,174,141</u>	<u>8,607,536</u>

11 Provisions for liabilities and charges

	Deferred tax liability
	£
Balance at 1 April 2014	5,951
Profit and loss account	(1,394)
Balance at 31 March 2015	<u>4,557</u>

The deferred tax liability is made up as follows:

	2015	2014
	£	£
Accelerated capital allowances	<u>4,557</u>	<u>5,951</u>

12 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

13 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 April 2014	3,549,604
Profit for the year	515,976
Balance at 31 March 2015	<u>4,065,580</u>

14 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	515,976	684,859
Opening shareholders' funds	3,559,604	2,874,745
Closing shareholders' funds	<u>4,075,580</u>	<u>3,559,604</u>

15 Financial commitments

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	20,460	-
Between two and five years	-	20,460
	<u>20,460</u>	<u>20,460</u>

VEGA INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015	2014
	Number	Number
Sales and marketing	6	8
Administration	8	7
Technical engineer	3	1
	<u>17</u>	<u>16</u>

Employment costs

	2015	2014
	£	£
Salaries	571,488	552,241
Social security costs	57,776	50,100
	<u>629,264</u>	<u>602,341</u>

17 Related party transactions

Amount owed to Vega Industries (Middle East) FZE at 31 March 2015 amounted to £3,625,572 (31.3.2014: £4,501,921) is included under amounts owed to parent company in note 10 to the financial statements. During the year the company made purchases of £27,268,487 (31.3.2014: £29,684,124) from Vega Industries (Middle East) FZE and paid management fees of £251,205 (31.3.2014: £522,924) to Vega Industries (Middle East) FZE its immediate parent company. These transaction were carried out at arms length in normal course of business.

Amount owed to AIA Engineering Limited, India at 31 March 2015 amounted to £57,493 (31.3.2014: £ 65,458) and is included under amounts owed to ultimate parent undertaking in note 10 to the financial statements.

AIA Engineering Limited has given unlimited multilateral guarantees to the company's bankers.

18 Control

The ultimate parent company is AIA Engineering Limited a company incorporated and based in India.

VEGA INDUSTRIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	2015		2014	
	£	£	£	£
Turnover		30,322,087		35,338,824
Cost of sales				
Opening stock	3,092,919		5,398,157	
Purchases and related service charges	27,268,487		29,684,124	
Carriage, freight and warehousing	519,528		558,682	
Commissions payable	220,798		225,890	
Exchange (gain)	(108,484)		(24,724)	
	30,993,248		35,842,129	
Closing stock	(2,677,837)		(3,092,919)	
		(28,315,411)		(32,749,210)
Gross profit		2,006,676		2,589,614
Administrative expenses		(1,353,658)		(1,701,992)
Operating profit		653,018		887,622
Other interest receivable and similar income				
Other interest receivable		-		1,494
Profit before taxation		653,018		889,116

VEGA INDUSTRIES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	£	£
Administrative expenses		
Salaries	571,488	552,241
Employer's N.I. contributions	57,776	50,100
Medical scheme contributions	20,601	18,212
Rent, rates and services	46,584	43,223
Insurances	2,292	2,209
Printing, postage, stationery and courier	24,650	29,650
Advertising, promotion and exhibitions	929	4,900
Telephone and communications	46,364	40,478
Computer maintenance	11,087	10,479
Motor, travelling and entertaining	164,282	216,304
Legal and professional fees	30,048	21,524
Management fees payable	251,205	522,924
Accountancy fees	5,000	5,000
Audit fees	15,000	15,000
Bank and L/C charges	84,662	97,974
Bad and doubtful debts	11,780	48,406
Other exchange (gain)/loss	(3,823)	2,819
Compensation payable to customers	-	6,902
Sundry office expenses	7,144	5,760
Depreciation on tangible fixed assets	6,589	7,887
	1,353,658	1,701,992
	1,353,658	1,701,992