



Auditing in MSMEs in Manufacturing Sector

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CHAPTER-1: INTRODUCTION

Background of the topic :

In Micro, Small, and Medium-Sized Enterprises (MSMEs), auditing is an essential component that is critical to guaranteeing financial responsibility, transparency, and overall corporate sustainability. MSMEs are the backbone of many economies throughout the world, making a substantial contribution to both economic growth and the creation of jobs. However, when it comes to financial management and reporting, their magnitude and limited resources can provide particular difficulties. In MSMEs, auditing becomes crucial for assessing the dependability and correctness of financial statements, regulatory compliance, and the efficiency of internal controls. Due to the increased susceptibility of these businesses to financial risks and poor management, auditing is a vital tool for spotting and resolving such problems. Furthermore, reliable financial statements from in-depth audits raise MSMEs' reputation with creditors, investors, and government organizations, among other stakeholders. Because MSMEs are dynamic and diversified, auditors must modify their methods and place an emphasis on striking a balance between thorough examination and pragmatism. Since these businesses are still essential parts of economic ecosystems, good auditing procedures have a big impact on their long-term viability, development, and resilience.

Need of the topic

Micro, Small, and Medium-Sized Enterprises (MSMEs) require auditing due to a number of reasons that emphasize how important it is to guaranteeing the long-term viability and sound financial standing of these companies.

1. MSMEs frequently have little funding, which leaves them vulnerable to fraud and poor financial management. By assisting in the identification and prevention of these anomalies, auditing gives stakeholders confidence about the veracity of financial information.
2. one of the most important things MSMEs need to manage is regulatory compliance. Conformity to diverse financial and legal mandates is vital, and auditing guarantees that these businesses conform to the dynamic regulatory environment, mitigating the possibility of legal fallout.
3. MSMEs interact with other parties on a regular basis, including creditors, investors, and government organizations. Robust financial statements from thorough audits raise these businesses' profile, which in turn builds stakeholder trust and makes funding more accessible.
4. MSMEs are essential to economic growth since they greatly increase GDP and jobs. Efficient auditing procedures support the long-term expansion and viability of MSMEs by pointing up opportunities for strategic planning, operational efficiency, and improvement.

Theoretical implication of the topic

The investigation of auditing in Micro, Small, and Medium-Sized Enterprises (MSMEs) has several theoretical ramifications that advance our knowledge of sustainability, financial management, and governance in the setting of smaller businesses.

1. the study of auditing in MSMEs adds to the theoretical framework of corporate governance in these organizations from a governance standpoint. It clarifies how ethical financial practices, accountability, and openness may be ensured via the use of auditing processes as a governance tool.
2. the subject has consequences for finance theory, particularly in light of the particular difficulties MSMEs confront. It is possible to obtain theoretical understanding of how auditing procedures might be modified to take into account the unique resource, risk, and financial limits that smaller organizations have.
3. research on MSMEs' auditing practices advances the conversation around regulatory compliance theory. To further advance the subject of regulatory compliance theory, theoretical models may be created to examine how regulatory frameworks affect MSMEs and how auditing serves as a tool for guaranteeing conformity to these requirements.

Recent trends related to the topic

1. Focus on Continuous Improvement:

Processes for auditing are always being improved. Auditors are always seeking methods to improve the effectiveness and caliber of their services, taking customer input into consideration and making adjustments to meet the changing needs of the corporate world.

2. Remote Auditing:

The use of remote auditing techniques has increased after the COVID-19 epidemic. MSMEs are looking at using technology to have virtual meetings, share documents, and communicate electronically in order to conduct audits from a distance.

3. Technology Integration:

Technology-driven auditing process solutions are adopted by several MSMEs. This involves optimizing and improving the auditing process's efficiency through the use of automation and audit management software.

Customization of Audit Services:

More and more auditors are customizing their offerings to match the unique requirements of MSMEs. This involves offering audit solutions that are more adaptable and affordable while taking into account the size and complexity of the company.

Chapter-2: LITERATURE REVIEW

Sl. No	Title of the paper	Author	Year of Publication	Brief of the paper (60 to 80 words)
1	Internal Audit Outsourcing Practices among Micro, Small and Medium Sized Enterprises (MSMEs) in Lagos State	Yisa Ayinla Adeniji	2021	The study investigates the impact of internal audit outsourcing on audit quality in MSMEs, findings suggest extensive outsourcing of compliance functions. Recommendations include outsourcing internal audit to achieve independence and higher quality at lower costs for MSMEs.
2	An Audit into the Nature of Operations of Agro-processing Micro, Small and Medium Enterprises (MSMEs)	Julia Kigozi	2021	A study on agro-processing MSMEs revealed limited understanding of standards (23.7%) and challenges in GMPs. Packaging was well-optimized (74.4%), but areas like personnel inspection and documentation scored poorly. Capacity-building programs are crucial for improving adherence to UNBS food processing standards and operational practices among MSMEs.
3	Analysis of the Application of Accounting Information Systems In Micro, Small and Medium Enterprises (MSMEs)	Juni Cahyani	2022	MSMEs are vital to economy, facing challenges beyond capital, including effective capital management. Researchers identified a decline in income in 2020-2021 due to inadequate accounting records. This study at Asira Food Store in Lampung found the absence of an implemented Accounting Information System, highlighting inhibiting aspects.
4	Energy Management and Auditing in Indian MSMEs	Shounak Basak	2018	This chapter explores energy management and auditing practices within Indian MSMEs, highlighting their significance in fostering sustainability. Despite their substantial contribution to the economy, MSMEs often lack efficient energy usage due to technological limitations. The chapter emphasizes the need for collaboration among organizations and presents case studies from the glass and ceramic industries.
5	Practices and Sustainability of Micro Small and Medium Enterprises (MSMEs)	Etim Osim Etim	2020	MSMEs play a crucial role in economic growth, yet face challenges leading to high failure rates. This study investigates the relationship between financial reporting practices and MSME sustainability. Data from 185

				MSME operators were collected using a structured questionnaire and multi-stage sampling technique
6	Factors Influencing the uptake of Energy Efficiency Initiatives by Indian MSMEs	Tirtha Biswas Karthik Ganesan	2019	The study investigates the impact of internal audit outsourcing on audit quality in MSMEs, findings suggest extensive outsourcing of compliance functions. Recommendations include outsourcing internal audit to achieve independence and higher quality at lower costs for MSMEs.
7	Improving medium small micro enterprise' (MSME) performance	Ani Mekaniwati	2022	MSMEs face challenges impacting sustainability, including poor management, financial issues, and hostile environments. This study explores the relationship between financial reporting practices and MSME sustainability through a structured questionnaire surveying 185 operators, utilizing multi-stage sampling techniques.
8	Factors affecting the quality of msme	Riski, Hernando	2020	MSMEs play a vital role in the economy, especially during crises. However, many lack proper financial reporting. A study in Jambi City surveyed 98 MSMEs and found that human resource quality, company characteristics, and information technology usage significantly influence financial reporting quality.
9	A Study on MSME Entrepreneurs' Perception Towards Financial Institutional Support	M.L. Ashoka	2019	MSA study conducted in India assesses the perception of MSME entrepreneurs towards financial institutional support, focusing on SIDBI schemes. 400 respondents from Karnataka were surveyed to evaluate SIDBI's performance and gauge satisfaction levels among entrepreneurs regarding its support for MSME development.
10	Internal auditing in the msme sector	Michail Nerantzidis	2020	This paper views financial auditing through the lens of service science, highlighting client participation in the production process. It suggests that standardizing the audit process may not enhance quality due to the inherent heterogeneity in services. Emphasizing the importance of client-auditor cooperation, it argues that maximizing auditor independence could inadvertently compromise audit quality.

11	Analysis of planning for the audit of the cooperative's financial statements at the Cooperatives Assisted by the Department of Cooperatives and MSMEs in Bandung City	Reva Dwina Sefira	2022	This study looks at how closely auditing standards are followed while auditing cooperative financial accounts under the Bandung City Cooperative Service's supervision. Analyzing audited data, interviews, and documentation, the research employs a descriptive qualitative methodology. The Bandung City Cooperative Service was found to be non-compliant with SPAP (Statement on Auditing Standards) due to the absence of an audit plan.
12	The Influence of Behavior of SMEs on use of Accounting Information Systems in MSMEs	Ardin Doloksaribu	2023	Micro, Small, and Medium-Sized Enterprises (MSMEs) are essential to the development of the national economy. Frequently run by families and community organizations, MSMEs are vital to the generation of jobs and economic expansion. The conduct of these business owners has a favorable impact on the adoption of accounting information systems, which is a crucial component of management improvement. This study focuses on MSME owners in East Medan. The importance of this association is confirmed by statistical testing.
13	Accountancy Service Requirements of Micro, Small, and Medium Enterprises in the Philippines	Rufo R. Mendoza	2014	When it comes to accounting services, taxes is the most requested service by micro, small, and medium-sized businesses (MSMEs), but internal audit is the least necessary. Service needs are impacted by business characteristics such as employment, type, form, and asset size. The results highlight the necessity for strategic service development and marketing to serve the varied MSME market, as well as possibilities and difficulties for CPAs.
14	Financial auditing benefits: Perspective of the SME in Celaya	Eva Lozano Montero, Roberto Godínez López	2020	This study explores how financial auditing is viewed as a competitive tool by Small and Medium Enterprises (SMEs), addressing issues raised by the practice's previous shortcomings. The results show a favorable association between knowing the fundamentals of auditing, allaying anxieties, and telling financial audits apart from fiscal audits. SMEs show a higher readiness to participate in financial audits for significant advantages to business management, especially those headed by entrepreneurs with academic credentials.
15	The Identification of Financial Literacy Level (Accounting) of MSMEs Actors in the Wetlands Area	Maulana Rizky	2019	This study examines the financial statement preparation skills of Micro, Small, and Medium-Sized Enterprises (MSMEs) in wetlands with a focus on accounting literacy. MSMEs may get accounting standards from the

				Institute of Indonesia Chartered Accountants (IAI). Research conducted in Banjar Regency's Pemakuan Village demonstrates that MSME actors are not well-versed in documenting financial transactions. This is especially evident given their low educational attainment, which makes it difficult for them to effectively execute the SAK EMKM accounting standard that the IAI adopted in 2018.
16	Design of Accounting Information Systems of Cash Receiving and Expenditure in Improving Internal Control of Income of Weaving Tie MSME in the District South Central Timor	Clara M. Reinamah, Moni Yuniati Siahaan	2021	The purpose of this study is to improve internal control and decision-making support by addressing problems with the accounting information system of the Tenun Ikat MSME in South Central Timor. Uncertain responsibilities, poor inventory management, poor documentation, and underuse of computer resources are among the issues that have been found. The purpose of the planned Accounting Information System for Cash Transactions is to improve internal controls, expedite procedures, and give the weaving industry complete data that will enable informed decision-making.
17	Identification of Challenges and Benefits of Product Certification on Micro, Small, and Medium Enterprises (MSMEs) in Indonesia	Andri Gandhi, Rahmat Nurcahyo	2021	Despite being a major contributor to the country's GDP, just 101 of Indonesia's 64.2 million Micro, Small, and Medium-Sized Enterprises (MSMEs) hold certification under the country's national standards. For Indonesian MSMEs, this study examines the advantages and disadvantages of product certification. Enhancing MSMEs' product standards and increasing their competitiveness in the global market can be facilitated by identifying the elements that influence certification.
18	MSMES IN INDIA-GROWTH AND CHALLENGES	Dr Ch.Hema Venkata Sivasree , Dr. P. Vasavi	2020	Micro, Small, and Medium-Sized Enterprises (MSMEs) play a critical role in India's economic development, job creation, rural industrialization, and income disparity reduction. Their significant contributions include initiatives driven by technology, cheap investment needs, flexibility in operations, and manufacturing both domestically and internationally. MSMEs make up over 80% of industrial firms and are the second-largest employer after agriculture. They contribute to industrial development and account for 40% of industrial production, 80% of employment in the industrial sector, 45% of manufacturing value added, and 40% of total exports.

19	Performance Evaluation of MSMEs	D.Sudarsana Murthy	2016	August 15, 1947, marked India's political independence; but, economic freedom—specifically, freedom from unemployment and poverty—presented a formidable obstacle. The Small Scale Sector's employment potential was recognized in the early 1960s. By the late 1960s, the industry had developed into a useful instrument for igniting latent entrepreneurial potential. Over the last fifty years, the Micro, Small, and Medium-Sized Enterprises (MSME) sector in India's economy has emerged as a dynamic and lively force.
20	Financial performance analysis of MSME sector	Kishore Kumar Das	2021	With more than 80% of all businesses in the nation, the MSME sector is essential to India's manufacturing, employment, and export industries. The MSME sector is a crucial pillar of the Indian economy, contributing significantly to the country's GDP by manufacturing 6000 items, creating around 70 million employment, and making up 40% of exports and 45% of output. This study examines the financial performance of the MSME sector, which is primarily driven by microenterprises.
21	Audit quality and decision making in small companies	Hannu Ojala	2014	By examining the idea of audit quality operationalized as seven components of audit benefits to owner-managers of small businesses, this article seeks to focus on the economic effects of audit outcomes. The authors examine survey information gathered in 2013 from 642 small private Finnish businesses that were over the audit exemption level. There was no discernible correlation seen between hiring a Big 4 auditor and any of the audit benefits examined.
22	Financial performance analysis of MSME sector: An empirical study	Kishore Kumar Das	2021	With over 80% of all businesses in the country, the MSME sector is essential to India's manufacturing, employment, and export industries. It has a high labor intensity, produces over 6000 items, creates around 70 million employment, and makes up 40% of exports and 45% of manufacturing. The financial performance of the MSME sector, which is primarily driven by microenterprises, is examined in this article.
23	Internal audit outsourcing practices among micro, small and medium sized enterprises (msmes) in lagos state	Adeniji, Y. A	2021	Micro, Small, and Medium-Sized Enterprises (MSMEs) are widely recognized as critical to economic growth and have a substantial influence on GDP and employment in emerging nations. Nigeria's Federal Government established a N75 billion MSMEs survival fund in response to COVID-19. This Lagos State research investigates the impact of internal audit outsourcing on audit quality and suggests using external audit companies to get more cost-effective outcomes and more independence.

24	Lean manufacturing techniques – Implementation in Indian MSMEs	Indrajit Bhattacharya, Anandhi Ramachandran	2021	The necessity of adopting lean manufacturing in Indian MSMEs is emphasized in this study. It illustrates substantial returns on investment, lower costs, better quality, and intangible advantages using a multi-case study methodology centered on clusters under the LMCS Scheme. It is essential to scale lean practices throughout the MSME sector in order to improve competitiveness and use cutting-edge digital manufacturing methods for the sustainability of the global market.
25	Role of Government of India in the development of MSME Sector	Sangita Gorde	2022	Micro, Small, and Medium-Sized Enterprises (MSMEs) play a crucial role in India's economy, and this research looks at their growth and export-related activities. In addition to stressing their importance in rural industrialization and employment creation, it explores government initiatives to support MSME development. The industry still has difficulties with finance, technology, and marketing.

Chapter-3: COMPANY PROFILE

ARU ADVISERS PRIVATE LIMITED

ARU Advisers Pvt. Ltd. Is a Consulting Company and a one-stop solution for all Accounting, Taxation, Financial and all other Business needs. Since place is not a barrier, They serve clients across India as well as abroad. They have a team of professionals (Chartered Accountants, Company Secretaries, Lawyers, and Management Professionals) dedicated to giving you their best and cater all the needs of the client.

Founders and Directors

- Mr. Sapthagiri
- Mr. Srikanth
- Mr. Subhash

Major Areas of Services

- Audit and Taxation
- Advisory
- Consulting
- Accounting & Payroll Services

Types of services

Accounting Services

- Accounting
- Book Keeping Services
- AR & AP Management

- MIS Migrations
- IT

Taxation

- Direct Taxation & Indirect Taxation
- Domestic & International Taxation
- TDS
- Compliances Tax Planning
- Tax Accounting
- Tax Compliances

Audit

- Statutory Audits
- Internal Audits
- ICFR Implementation
- ICFR Audits Forensic
- Concurrent Audits
- Payroll
- Payroll Processing
- Payroll Implementation
- Payroll Compliances

Chapter-4: RESEARCH DESIGN

STATEMENT OF THE PROBLEM

Auditing in MSMEs

RESEARCH GAP

Technology Challenges: Internal auditors now have additional hazards and challenges to deal with due to the quick development of technology in the auditing industry. But there may be gaps in efficacy if these new hazards are not sufficiently assessed by outmoded audit methods and procedures.

HYPOTHESIS OF THE STUDY

Ho1: There is a significant impact of auditing in MSMEs.

H11: There is no significant impact of auditing in MSMEs.

Ho2: Auditing will have a positive impact on MSMEs.

H12: Auditing will have a negative impact on MSMEs.

OBJECTIVES OF STUDY

- This study aims to ensure guidelines, policy framework and planning were adequate
- This study aims to ensure if scheme implementation was efficient and effective,
- This study aims to ensure financial management was efficient and available funds were utilized optimally

SCOPE OF THE STUDY

- Examine the differences between audit goals for MSMEs and bigger businesses.
- Examine MSMEs' following to audit-related rules and guidelines.
- Identify and investigate the particular difficulties that auditors have while working with MSMEs.

RESEARCH METHODOLOGY AND DATA COLLECTION

a) Data Collection Method

- I. Primary data - Questionnaires

- II. Secondary data - Analysis of Case Studies, Journals, Articles, research papers, reference books
 - III. Population – 20+
 - IV. Sample size – 18
 - V. Sampling method – Questionnaires {google forms}
- b) **Tools for Data Collection**
 - c) **Data Analysis Plan**
 - d) **Statistical tools for analysis**

LIMITATIONS OF THE STUDY

- **Time constraints:** Conducting a comprehensive study within a limited timeframe might restrict the depth of analysis and the ability to explore all relevant aspects of internal auditing effectiveness.
- **Access to data:** Access to confidential information or internal audit reports from manufacturing companies could be limited, potentially hindering a complete understanding of internal audit practices and their impact.
- **Geographical scope:** The study's geographical scope might be limited to Bangalore, Karnataka

Chapter-5: DATA ANALYSIS & INTERPRETATION

Company Profile :

Name : HABIB SOLVEX PVT LTD.

CIN : U15316KA2014PTC074269

Activity : Manufacture of grain mill products, starches and starch products and prepared animal feeds

	Particulars	31st March, 2021	31st March, 2022	Changes (₹)	Changes (%)
I	EQUITY AND LIABILITIES				
1	Shareholders' funds				
a	Share capital	50,00,000	50,00,000	-	
b	Reserves and surplus	2,34,45,612	5,74,40,030	3,39,94,418	144.9926685
		2,84,45,612	6,24,40,030	3,39,94,418	119.5067219
				-	
2	Non-current liabilities				
a	Long-term borrowings	4,58,15,267	6,12,53,915	1,54,38,648	33.69760565
b	Long-term provisions	10,60,436	19,77,859	9,17,423	86.51375472
c	Deferred tax liability	-	-	-	
		4,68,75,703	6,32,31,774	1,63,56,071	34.89242817
3	Current liabilities				
a	Short-term borrowings	8,85,88,053	9,44,63,836	58,75,782	6.632702516
b	Trade payables				
	(i) Total outstanding dues of micro-enterprises and small enterprises.				
				-	
				-	
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	7,30,53,096	16,50,70,612		
				9,20,17,516	125.959775
				-	
c	Other current liabilities	52,59,817	1,24,97,543	72,37,725	137.6041111
d	Short term provisions	41,01,044	70,06,505	29,05,461	70.84686241
		17,10,02,011	27,90,38,495	10,80,36,484	63.17848718
				-	
	TOTAL	24,63,23,326	40,47,10,298	15,83,86,973	64.30043611

II	ASSETS				-
1	Non-current assets				-
a	Property, Plant & Equipment				-
	(i) Net tangible assets	2,73,18,431	4,76,77,791	2,03,59,360	74.52609515
	(ii) Capital work in progress	-	-	-	-
		2,73,18,431	4,76,77,791	2,03,59,360	74.52609515
					-
b	Non-current investments	18,85,537	28,85,537	10,00,000	53.03528915
c	Deferred tax assets (net)	15,35,419	13,36,384	(1,99,034)	-12.96287704
c	Long term loans and advances	16,36,270	17,71,270	1,35,000	8.25047211
		50,57,226	59,93,191	9,35,966	18.50749129
2	Current assets				-
a	Current investments				-
a	Inventories	12,12,24,122	25,77,79,912	13,65,55,789	112.6473731
b	Trade receivables	3,42,76,101	2,50,91,197	(91,84,904)	-26.79681683
c	Cash and cash equivalents	34,42,844	10,61,625	(23,81,219)	-69.16431219
d	Other current Assets	5,50,04,602	6,71,06,582	1,21,01,981	22.00176062
		21,39,47,669	35,10,39,316	13,70,91,647	64.07718638
					-
	TOTAL	24,63,23,326	40,47,10,298	15,83,86,972	64.30043591

CHART SHOWING SHAREHOLDER'S FUNDS

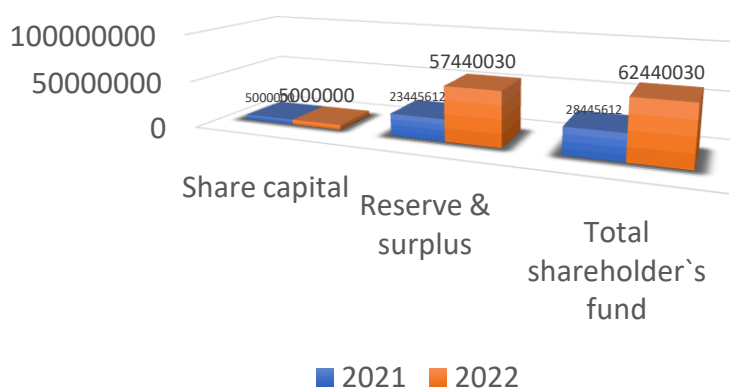
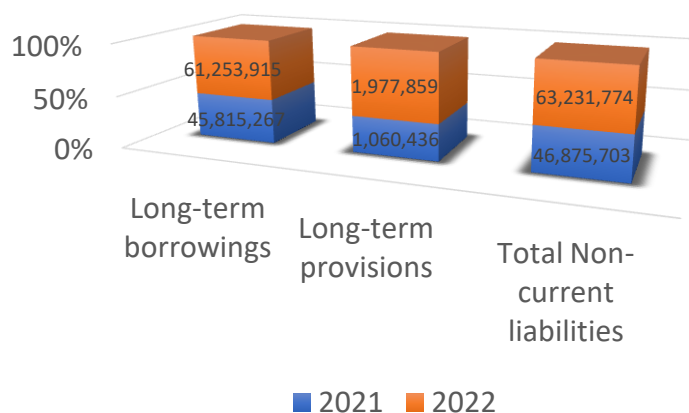


CHART SHOWING NON-CURRENT LIABILITIES



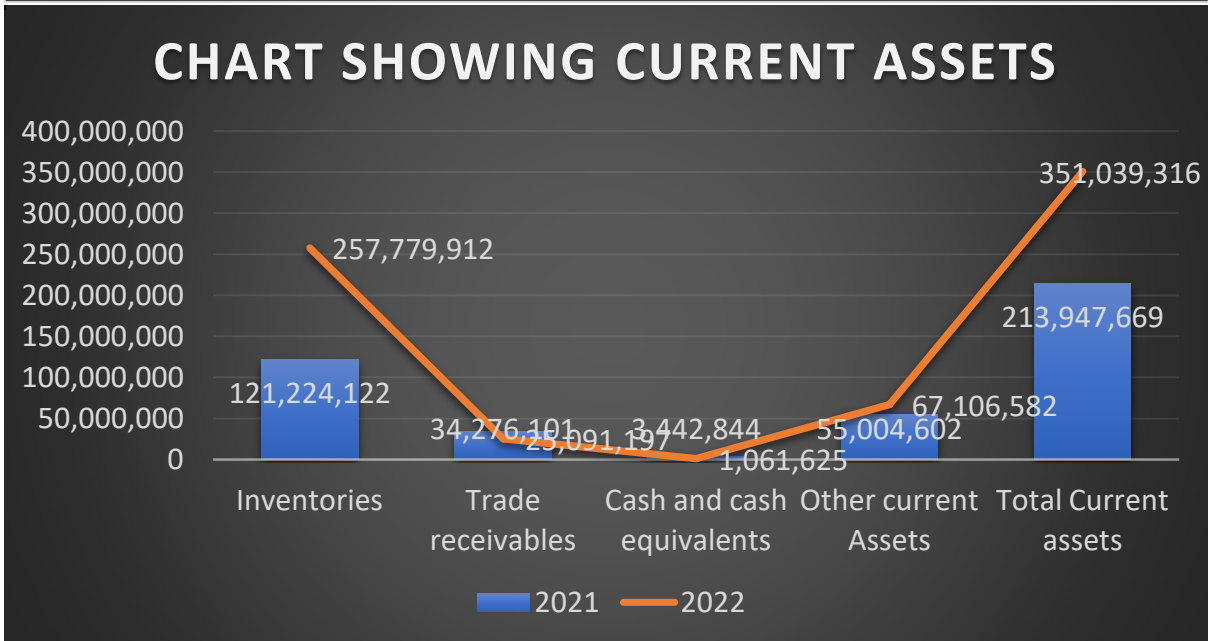
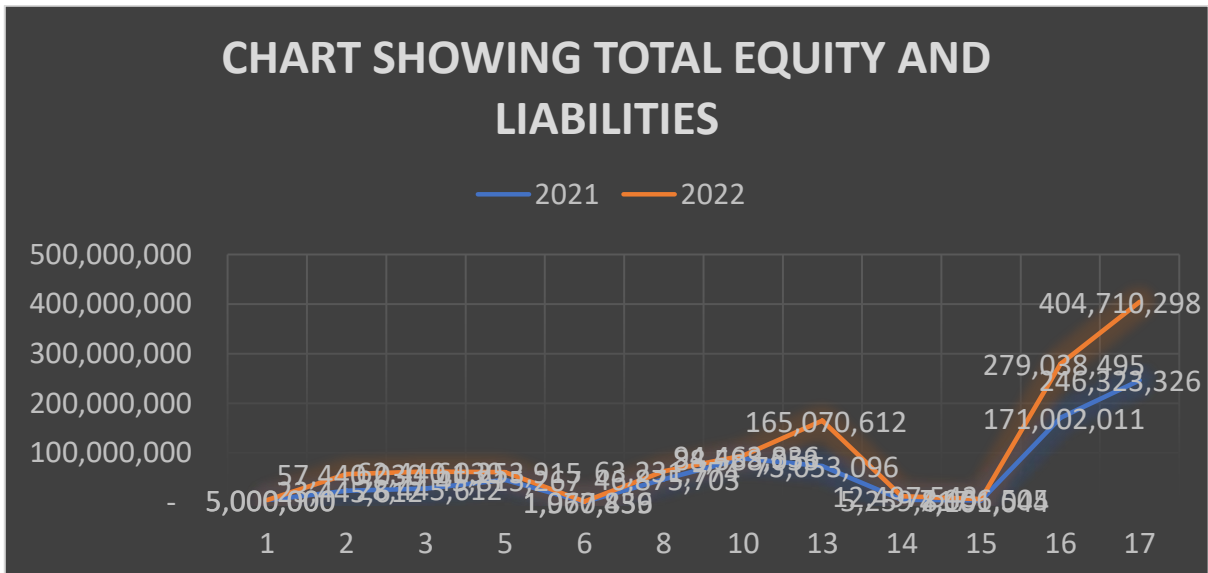
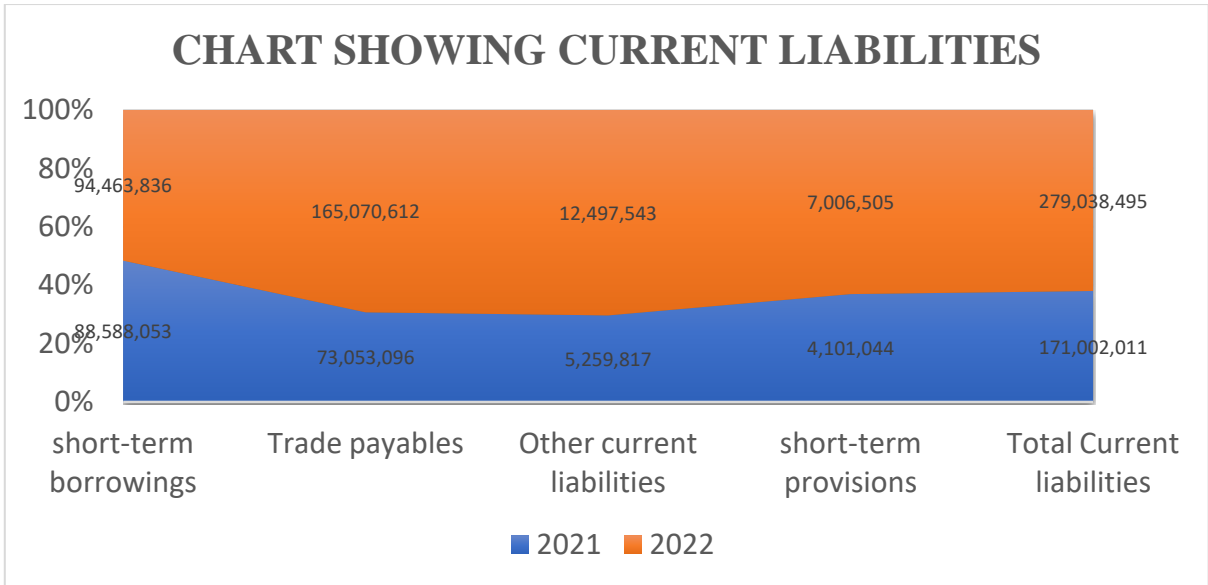


CHART SHOWING NON-CURRENT ASSETS

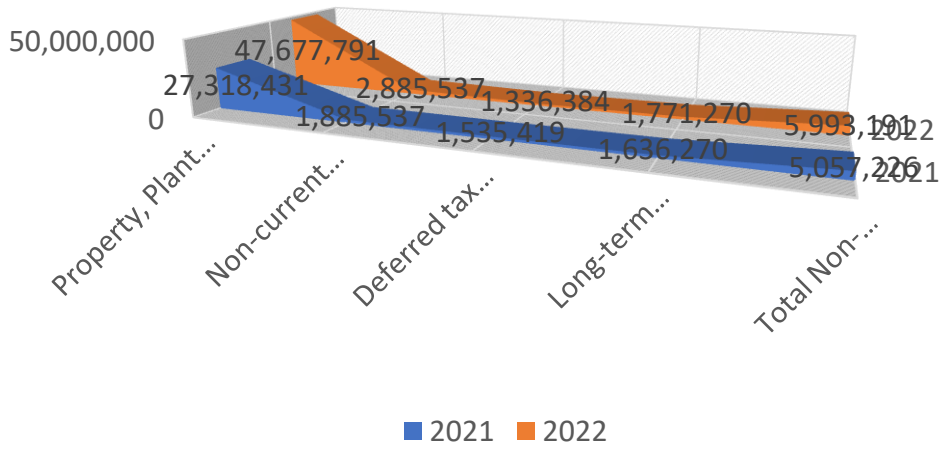
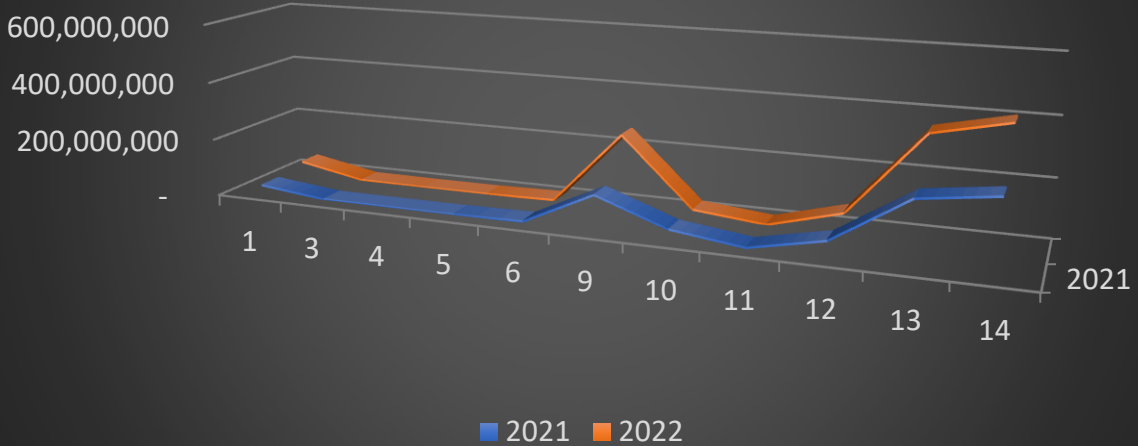
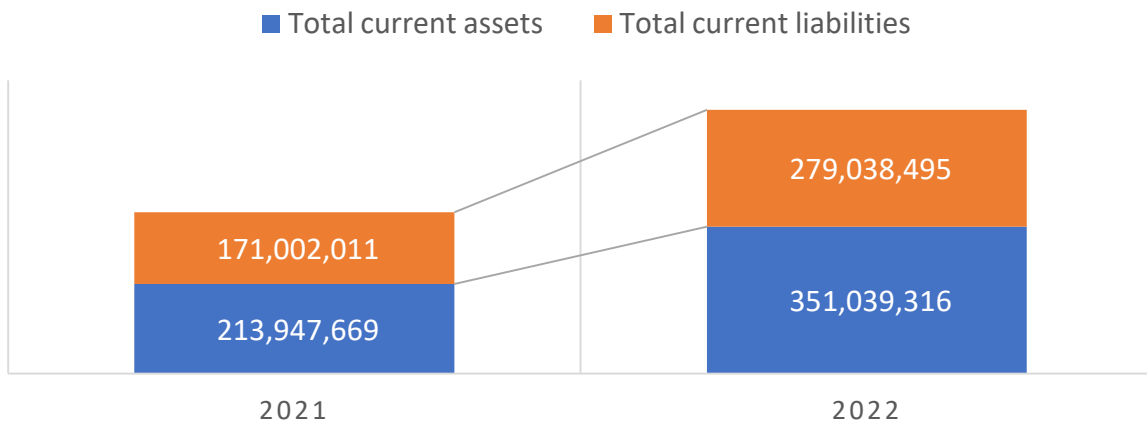


CHART SHOWING TOTAL ASSETS



CURRENT RATIO OF HABIB SOLVEX PRIVATE LIMITED



INTERPRETATION :

- The balance sheet for the company as of March 31, 2021, and March 31, 2022, demonstrates significant changes in various aspects of its financial position.
- Shareholders' funds witnessed a remarkable surge, primarily attributed to a substantial increase in reserves and surplus by ₹3,39,94,418, marking a growth of nearly 145%. Meanwhile, non-current liabilities also experienced growth, particularly in long-term borrowings and provisions, indicating potential investment activities.
- On the other hand, current liabilities surged notably, driven by increases in short-term borrowings and trade payables, implying higher operational commitments. However, the increase in short-term provisions suggests a prudent approach to managing liabilities.
- The company's assets side reflects a mixed picture, with notable increases in inventories and other current assets, possibly indicating expansion plans or increased operational activities. However, the decline in cash and cash equivalents raises concerns about liquidity management, necessitating attention to ensure adequate working capital.
- Overall, the company appears to be expanding, careful monitoring of liquidity and efficient management of liabilities would be crucial to sustaining its growth trajectory.

Chapter-6:SUMMARY,FINDINGS AND CONCLUSION**Summary :**

For Micro, Small, and Medium-Sized Enterprises (MSMEs), auditing is essential to guaranteeing financial accountability, transparency, and regulatory compliance. MSMEs encounter the same auditing difficulties as larger businesses, despite their smaller size, such as limited resources, insufficient experience, and changing regulatory environments. Effective auditing procedures, however, that are customized to the particular requirements of MSMEs, can improve their credibility with stakeholders, operational effectiveness, and risk management.

Findings :

Resource constraints: MSMEs frequently lack the resources specifically allocated to auditing, which forces them to rely on outside auditors or haphazard internal procedures.

Compliance Challenges: Because MSMEs find it difficult to keep up with the constantly changing needs of the regulations, auditors play a crucial role in offering advice and assistance in resolving complicated compliance challenges.

Risk management: To protect MSMEs' long-term viability, auditing assists in identifying and reducing operational, financial, and regulatory risks.

Financial Transparency: Improved investor confidence, easier access to capital, and the expansion of businesses are all facilitated by transparent financial reporting, which is engendered through auditing.

Operational Efficiency: MSMEs can streamline procedures, cut expenses, and increase profitability by using audits to find operational inefficiencies.

Technology Adoption: Despite their limited resources, MSMEs can improve the efficiency and accuracy of audit procedures by utilizing digital auditing tools and software.

Conclusion :

For MSMEs to promote confidence, guarantee compliance, and promote sustainable growth, auditing is essential. Even with obstacles like limited resources and complicated compliance, MSMEs stand to gain a great deal from efficient auditing procedures catered to their particular requirements. In today's cutthroat business environment, MSMEs can reduce risks, improve operational effectiveness, and achieve long-term success by making investments in strong audit procedures, utilizing technology, and consulting experts.

ANNEXURE

HABIB SOLVEX PRIVATE LIMITED			
BALANCE SHEET AS AT 31ST MARCH 2022			
Particulars	Note	As at	As at
		31st March, 2022	31st March, 2021
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
a Share capital	2	50,00,000	50,00,000
b Reserves and surplus	3	5,74,40,030	2,34,45,612
		6,24,40,030	2,84,45,612
2 Non-current liabilities			
a Long-term borrowings	4	6,12,53,915	4,58,15,267
b Long-term provisions	5	19,77,859	10,60,436
c Deferred tax liability	6	-	-
		6,32,31,774	4,68,75,703
3 Current liabilities			
a Short-term borrowings	7	9,44,63,836	8,85,88,053
b Trade payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises.			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.		16,50,70,612	7,30,53,096
c Other current liabilities	9	1,24,97,543	52,59,817
d Short term provisions	10	70,06,505	41,01,044
		27,90,38,495	17,10,02,011
TOTAL		40,47,10,298	24,63,23,326
II ASSETS			
1 Non-current assets			
a Property, Plant & Equipment	11		
(i) Net tangible assets		4,76,77,791	2,73,18,431
(ii) Capital work in progress		-	-
		4,76,77,791	2,73,18,431
b Non-current investments	12	28,85,537	18,85,537
c Deferred tax assets (net)	13	13,36,384	15,35,419
c Long term loans and advances	14	17,71,270	16,36,270
		59,93,191	50,57,226
2 Current assets			
a Inventories	15	25,77,79,912	12,12,24,122
b Trade receivables	16	2,50,91,197	3,42,76,101
c Cash and cash equivalents	17	10,61,625	34,42,844
d Other current Assets	18	6,71,06,582	5,50,04,602
		35,10,39,316	21,39,47,669
TOTAL		40,47,10,298	24,63,23,326
Significant accounting policies	1		
The accompanying notes are an integral part of these financial statements			
As per our report of even date			
For MNBK & Associates		For and on behalf of the Board of Directors	
CHARTERED ACCOUNTANTS		Habib Solvex Private Limited	
Firm Reg no. 0133635			
Naveen Kumar G	Nasir Khan	Mudassir Khan	
Partner	Director	Director	
Membership No. 236173	DIN: 02413139	DIN: 00950722	
UDIN:			
Place : Bangalore			
Date			

REFERENCES:

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