



**THE INSTITUTE OF
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**PUNE BRANCH OF
WIRC OF ICAI**
NEWSLETTER MAY 2026





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Pune Branch Chairman's Communique

CA Pranav Apte

Chairman
Pune Branch of ICAI



Dear Esteemed Members,

Warm Greetings to all Esteemed Members.

I hope this message finds you in good health and high spirits. I am delighted to address you through our esteemed CA Newsletter.

I take this opportunity to apprise you about few seminars held during April 2026. We have held 3 certificate courses on Artificial Intelligence and we are thankful to all the members for their overwhelming response. We are also conducting Virtual Sessions on Various AI Tools on every Wednesday to empower members to become future ready professionals. We also conducted various seminars on various topics such as Capital Markets, ESG, The Digital Personal Data Protection, Insolvency and Bankruptcy Code etc.

In the upcoming month, various events and seminars have been planned. We are planning to conduct various seminars on the topic of IBC, New Income Tax Act, 2025, Direct Tax Refresher Course (DTRC), Real Estate etc. We will also be hosting batch of Diploma in Information Systems Audit (DISA) in the month of May 2026 and also Certificate Course on Forensic Accounting and Fraud Detection (FAFD) in the month of June 2026.

I thank all the contributors and editorial team members for their efforts in making this edition impactful.

"Alone we can do so little; together we can do so much." So, I urge all the members to actively participate in various seminars, workshops and conferences. Your valuable suggestions, ideas and support will be helpful in serving the profession.

Wishing you all a good health and great success!!

Best Regards,
CA Pranav R. Apte
Chairman
Pune Branch of WIRC of ICAI



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Editorial Communique

CA Sarika Dindokar

Chief Editor & MCM
Pune Branch of ICAI
(FCA, CS, DISA, MCOM)



Dear Esteemed Members,

Warm greetings!

As we move through another vibrant month, I extend my heartfelt appreciation to each one of you for your continued participation and unwavering support towards the initiatives of the Pune Branch. Your enthusiasm and commitment inspire us to deliver meaningful programs that strengthen our profession and foster lifelong learning.

The month of May witnessed a series of enriching technical sessions, knowledge-sharing initiatives, and networking opportunities aimed at equipping members with insights into the evolving professional landscape. In an era of rapid regulatory and technological transformation, continuous learning and adaptability remain the hallmarks of our profession.

As we look ahead, we are excited to bring many more engaging technical programs, leadership initiatives, and networking events that create value for members across all stages of their professional journey. I encourage each of you to actively participate, contribute your ideas, and make the most of the opportunities offered by the Branch.

Together, let us continue to uphold the highest standards of excellence, integrity, and professionalism while strengthening the legacy of the Chartered Accountancy profession.

Wishing you and your family good health, happiness, and continued success.

Warm regards,
CA Sarika Dindokar

Chief Editor – Members' Newsletter
WICASA Chairperson
Pune Branch of WIRC of ICAI



Inventory Management to unlock Profits

CA. Vijay Ashtekar

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Way back in 1991 I remember we were doing stock audit of a large manufacturing company for the year ending.

The Company was having many departments processing different parts. We were given the stock statements and allotted departments to verify the parts and record discrepancy if any. All the team members were moving from one department to another and another continuously for checking parts of the department allotted to them, however lying with other departments for processing. It was creating chaos, wasting time and energy of everybody. Another possibility was that there could be chance of missing some inventory to be verified and considered in the final stock statement. When the deficiency in the process was noticed immediately a decision was taken that every department will verify and record the inventory in its possession even though it belonged to some other department. This action saved lot of time and energy of everybody and also the risk of omitting the inventory in the final count.

Another incidence with the same company during subsequent year was that few items were lying in the premises however not recorded in the statement. The reason was those items did not belong to that department, and none of the departments had given their statements stating the lying parts as their property. The other departments also denied the ownership of those parts. Hence those were unidentified and unclaimed by anybody. I asked them to call a tempo, load the parts and let those take away with me if nobody wants to claim. Obviously, the issue got resolved by the senior auditors and company officials however these instances, indicated that there could be chances of missing the inventory and correct valuation.

Even today sometimes we have such instances of inventory missing ownership. Especially in MSMEs similar challenges are frequently faced.



Inventory Management to unlock Profits

Material accounting is a big challenge for MSMEs. Lack of manpower, infrastructure, scientific knowledge, absence of professional guidance are some of the reasons for the challenges. Sometimes the owners found to be not serious about the issues. Absence of proper system for material accounting leads to mal practices, incorrect valuation of inventory mostly low valuation which results in low profitability or loss making.



Poor inventory management has effect of high consumption of material especially where sheet metal operations are carried out to produce multiple parts of various sizes. In technical language it is called nesting of the parts. Lack of effective inventory management results in wastage of space, time, energy which further reduce the productivity of the people and output. Obsolete or non-moving material not only occupy the space but also increases the cost of carrying inventory.

Further inventory of good quality for regular production items however excessive in quantity also puts pressure on working capital and reduce the profit margin. Many Original Equipment Manufacturers especially auto manufacturers follow zero inventory policy i.e. they don't hold the inventory in their premises however ask their suppliers to carry buffer stock for zero-time supply. This way they pass on the carrying cost to the suppliers and improve their profitability.

Efficient and effective management of sub-contractors or job workers operations also help in effective inventory management and reduce extra costs.

Proper control on job workers operations helps in ensuring the non-occurrence of loss of inventory at their end by reasons like malpractices, quality issues.

Similarly, the smoothness in production process also makes value addition to the effective inventory management.

Effective inventory management will help to reduce loss due to excessive scrap compared to standard ratio.



Inventory Management to unlock Profits

As a part of inventory management many large organisations follow the third party preferably CA firms, inspection or audit periodically. The frequency of stock audit is as frequent as quarterly and year end with extra efforts and care.

Where the organisations find large number of issues or discrepancies in the inventory accounting and valuation, they conduct the stock audit, reconciliation with books and valuation on monthly basis.

This has been proved very effective and more accurate valuation as per our experience with few of our clients. Inventory turnover ratio is one of the key efficiency ratios of a business activity.

Low inventory turnover ratio is the indicator of high level of efficiency of operations. However, the benchmark of standard ratio varies with respect to type of industry. Low material consumption ratio is another test of efficiency of the inventory management operations.

ABC analysis is one of the techniques of inventory management. The classification into A B and C category as per value helps to take extra care about high value items to control buying and carrying costs.

I would like to state my experience with a mid-sized company having turnover of Rs 150 crores plus. The company was manufacturing sheet metal components requiring powder coating of parts and foam material for packing. The practice was being followed as whenever the powder a costly item and foam were purchased recorded as consumption in books. Though almost sixty three percent of the quantity bought were having in stocks which was never considered in stock statements.

Secondly the company was using high end imported machinery. The cost of spares (imported) required annually was in few crores of rupees. Usually, the spares were bought in quantity with the intention to cater the breakdowns without delay. The spares used to be always in stock which were never considered in stock statements as were treated as consumed at the time of buying only.

These two practices were suppressing the profits of the company for years together which got unlocked. Thus, the organisation has to understand the importance of inventory management.



'The Shift to AI-Powered Auditing: Moving from Manual Mapping to Instant Evidence Extraction!'

Rohan Adat

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From 40-Hour Evidence Mapping to 20-Second Processing: A Practical Shift in IS Audits

For decades, Information Systems Audit has followed a familiar pattern.

A client shares documents—Information Security Policies, HR manuals, access control procedures—and a junior team member is assigned to map these documents against frameworks like SOC 2 or ISO 27001.

This process, commonly called 'evidence mapping,' is essential—but highly manual.

In practice, it has become one of the most time-consuming and limiting steps in an audit.

The Real Bottleneck in Modern Audits

In most engagements today, the challenge is not understanding the framework.

It is processing the documentation.

Auditors often spend hours:

- Reading lengthy policy documents
- Searching for relevant control evidence
- Cross-referencing requirements
- Preparing structured Excel outputs

In many firms, this step alone takes 4–8 hours per document.

As compliance demand increases due to DPDP and global standards, this workflow becomes difficult to scale.

AUDIT



'The Shift to AI-Powered Auditing: Moving from Manual Mapping to Instant Evidence Extraction!'

Practical Comparison: Audit Workflow Shift

- Manual Evidence Mapping: 4–8 hours per document
- AI-Assisted Mapping: 20–30 seconds
- Outcome: Faster turnaround and the ability to handle more audit work without increasing team size.
- Work that traditionally takes half a day can now be completed before your next meeting.

Case Study 1: Mapping a 120-Page Policy Document

In a typical SOC 2 readiness engagement, a client provides a 120-page Information Security Policy.

Manual approach:

- 5–6 hours spent per document
- Multiple review cycles required
- High dependency on individual accuracy
- Risk of missed or misinterpreted evidence

AI-assisted approach:

Using an automated mapping workflow:

- The same document is processed in under a minute
- Relevant control evidence is extracted automatically
- Exact references are identified
- Gaps are clearly flagged as “Not Found”

The auditor’s role shifts from searching to reviewing and validating.

This also reduces mapping effort by over 90% while improving consistency.

Case Study 2: Startup Under SOC 2 Deadline Pressure

A Pune-based startup was preparing for an enterprise contract.

The deal was dependent on demonstrating SOC 2 readiness within a short timeframe.

Manual challenge:

- Multiple documents to review
- Limited audit team bandwidth
- Risk of delays affecting deal closure





'The Shift to AI-Powered Auditing: Moving from Manual Mapping to Instant Evidence Extraction!'

AI-assisted workflow:

- Documents processed within seconds
- Draft evidence mapping generated instantly
- Audit team focused on validation and walkthroughs

This reduced turnaround time significantly and helped accelerate audit readiness. It also directly impacts how quickly clients can close enterprise deals.

Where AI Fits in the Audit Process

It is important to clarify:

AI does not replace the auditor.

It identifies what exists in the document.

It does not validate whether controls are implemented effectively.

That responsibility remains with the Chartered Accountant.

AI simply removes repetitive manual effort.

A Critical Factor: Data Privacy and DPDP Compliance

One key concern in adopting AI tools is data privacy.

Audit documents often contain sensitive client information.

A newer approach being explored is stateless processing.

In simple terms:

The system processes documents temporarily and does not store or retain any data.

This aligns with DPDP expectations and allows firms to use automation without compromising client confidentiality.

A Shift in How Audit Firms Can Operate

For CA firms, especially those working with startups and technology clients, this shift has clear implications:

- Faster audit delivery
- Ability to handle more engagements
- Reduced manual workload
- Improved consistency in outputs

In an environment where compliance demand is increasing, efficiency becomes a competitive advantage.



'The Shift to AI-Powered Auditing: Moving from Manual Mapping to Instant Evidence Extraction!'

Looking Ahead

With DPDP enforcement and growing global compliance expectations, demand for IS audits will continue to rise.

The key question is:

Will audit workflows evolve with this demand?

Firms that adopt such workflows early will be able to deliver faster, handle more clients, and stay competitive in a compliance-heavy environment.

Conclusion

Evidence mapping has long been necessary but time-intensive.

Today, it can be significantly accelerated using AI-assisted workflows.

For Chartered Accountants, the opportunity lies in enhancing - not replacing - existing practices.

Reducing time spent on repetitive work allows greater focus on analysis, validation, and advisory.

About the Author

Rohan Adat is the founder of IsoFlow Systems, a Pune-based startup working on automating evidence mapping for SOC 2 and ISO 27001 audits.

He focuses on building tools that reduce manual audit effort while maintaining strict data privacy standards.

Connect with the author for discussion on audit automation workflows:

<https://www.linkedin.com/in/rohanadat/>



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**Certificate Course on AI for Chartered Accountants
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Date : 04 April to 08 April 2026





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**Certificate Course on AI for Chartered Accountants
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Date : 09 April to 11 April 2026





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64th Campus Orientation Programme

Date : 12th April 2026





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Seminar on Capital Market Access for SMEs - Role of NSE EMERGE Platform

Date : 18th April 2026





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Full Day Seminar on Beyond Compliance: Building Future-Ready CA Practices

Date : 24th April 2026





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Accounting Standards Day

Date : 25th April 2026





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Seminar on Income-tax Act, 2025: A Comprehensive Overview

Date : 26th April 2026





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**Certificate Course on AI for Chartered Accountants
(AICA) LEVEL - 1 Batch : 717**

Date : 27 April to 29 April 2026





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INVITATION TO WRITE ARTICLES



Dear Member,

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Contribute your own articles in areas of Professional Interest; the article may cover any topics relevant to auditing, finance, laws, strategy, taxation, technology and so on.

While submitting articles.

- Please keep following aspects in mind:
- The length of articles should be about 750-1000 words
- Articles should be original in nature

Please send articles with:

- A Photograph, your full name, membership number etc.
- Editable soft copy of file
- Declaration of originality of articles

Please send in your articles to : editor@puneicai.org; cpe@puneicai.org

latest by 25th of every month.

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