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PUNE BRANCH OF WIRC OF ICAI NEWSLETTER APRIL 2026



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Pune Branch Chairman's Communique



CA Pranav Apte
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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. As we enter into the new financial year, I extend my best wishes to all of you. The new financial year brings new challenges but also provides the opportunities to fulfil our goals.

I take this opportunity to apprise you about few seminars held during March 2026. We had significant events including Women's Day celebration, 2 days National Conference on Statutory Audit of Bank Branches, 3 Days Seminar on Indirect Tax Litigation – GST, Customs & FTP etc. We have held 2 certificate courses on Artificial Intelligence and we are thankful to all the members for their overwhelming response. We also conducted various seminars on various topics such as Succession by Trust, Capital Markets, Income Tax etc.

In the upcoming month, various events and seminars have been planned. We are planning to conduct various seminars on the topics such as Capital Markets, ESG, The Digital Personal Data Protection, Insolvency and Bankruptcy Code etc. We are planning to host 3 certificate courses on Artificial Intelligence.

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



Editorial Communique



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

Dear Esteemed Members,

It is my privilege to present the latest edition of the Pune Branch Newsletter, a platform that reflects the knowledge, experience, and professional insights of our Chartered Accountant fraternity.

In today's rapidly evolving business environment, the role of Chartered Accountants continues to expand—from traditional financial stewardship to that of strategic advisors, governance professionals, and trusted partners in business decision-making.

This edition brings together valuable contributions from our members on emerging developments in taxation, regulatory updates, corporate finance, and evolving professional opportunities, strengthening the collective intellectual capital of our profession.

I would also like to share that I am honoured to assume the responsibility of WICASA Chairperson. Working closely with the Branch and the WICASA committee, our focus will be on creating meaningful opportunities for students through knowledge sessions, skill-building initiatives, networking platforms, and activities that foster professional discipline and leadership.

I extend my sincere appreciation to all contributors and to the Managing Committee of the Pune Branch for their continued commitment to professional development and member engagement.

I encourage members to actively contribute to future editions by sharing their insights and experiences, thereby enriching this platform of professional learning.

Warm regards,
CA Sarika Dindokar

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



No Code, No Developer: How a CA Used AI to Automate a Business



CA Prarthi Dhawale Bhambere

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From Jugaad to System

Businesses lose an estimated 20 to 30 percent of annual revenue to process inefficiencies, and McKinsey estimates that nearly 45 percent of work activities can be automated with technology that already exists. The cost rarely shows up on a P&L. It shows up in month-end reconciliation hours, follow-up calls that replace systems, and the key person whose absence brings an entire process to a halt. Indian businesses have historically run on institutional memory and the assumption that someone senior will fill the gaps. When that breaks, it looks like a crisis. The crisis was always there. AI has changed the economics of fixing this. The barrier is no longer cost or technical skill, but clarity of thought: knowing what the process is, where it breaks, and what a working system needs to do.

Running a business as a CA means you understand every number on the P&L, but the processes behind those numbers can still be embarrassingly manual e-invoices generated by hand, receipts matched manually, updates shared over WhatsApp. None of it was broken enough to fix urgently. All of it was costing time we did not account for. AICA Level 1 at Pune Branch was when I stopped waiting for a vendor and started building myself.

★ ICAI's Initiative and Why It Matters ★

It is worth acknowledging what ICAI has built in a short time. AICA Level 1 crossed 500 batches within a year of launch. In July 2025, ICAI launched an AI Agent at the national level and signed a research MoU with Google India. AI enters the CA curriculum in 2027.

The three days of AICA are not about coding. They are about thinking differently — identifying processes that can be automated, building tools for clients, applying AI practically. The faculty were experienced CAs teaching from real cases. Those three days broke the ice on AI for many of us in the room.

AICA L1	AICA L2	CA GPT	AI Agent	Google MoU	Curriculum
500+ Batches	Launched	1L+ Daily Users	July 2025	AI Research	AI from 2027

What I Built, and What Problem Each Thing Solved

The first problem was revenue and accounts receivable. Every billing cycle ran on manual effort: log into the GST portal, key in data, generate the IRN, print, stamp, sign, send — for every client, every cycle. Reconciling receipts against bank statements was a separate exercise. Follow-ups happened over phone calls. The cycle consumed days, depended on one experienced person, and had no audit trail worth the name.

I used Claude and ChatGPT to design the process — mapping every step, defining rules, specifying outputs. The build was done in Claude, an AI-assisted coding environment. I wrote no code. What I contributed was the logic: GST applicability, HSN codes, IRN sequencing, reconciliation rules. The result is an AI agent that prepares invoice data, prepares invoice data and integrates with the NIC Invoice Registration Portal (IRP) through API-based workflows, enabling IRN generation structured e-invoice output and emails the invoice. Bank data is integrated to enable near real-time reconciliation and automated matching logic. Receipts and reminders go out automatically. One person supervises; the agent flags exceptions and follows up.

The CA's job is the thinking, setting processes and architecture. The AI handles the translation into something functional.

“One should never forget that he has only two hands and twenty-four hours for disposal.”



The second problem was project management and operational follow-through. Every team had KRAs, each with work that needed to happen at a defined frequency. In practice, that work lived in unread SOPs, untracked verbal instructions, and buried WhatsApp reminders. The gap between what was supposed to happen and what happened only became visible at review meetings — too late.

I used Claude to break every KRA into measurable tasks with owners, frequencies, and checklists. An AI agent runs on this structure: tasks are assigned with deadlines, daily reports are dispatched, and the system follows up automatically until it receives a confirmed response. Each team member checks one dashboard every morning and updates tasks with evidence. Maker, checker, approver — at every step.

The tools such as Claude and ChatGPT require nothing beyond a browser. No coding background. What they need is exactly what CA training produces: a clearly defined problem, structured inputs, and an unambiguous picture of the output.

✗ BEFORE	✓ AFTER
Manual portal login for every invoice	Billing engine pushes directly to NIC IRP API
Bank reconciliation done manually	Bank accounts integrated — real-time reconciliation
KRAs and SOPs sitting unread	Every KRA broken into tasks with owners and checklists
One person holds the whole process	Maker-Checker-Approver trail — anyone can operate it

What Was Hard

None of this was frictionless. The billing engine had sequencing errors that only surfaced with live IRN data. The task management system required three redesigns before it mapped cleanly to how workflows. There were weeks where the system was half-built and the old process already dismantled. The lesson: AI makes building possible, not easy. The discipline still must come from the person in the room.

What CA Training Actually Gives You Here

CA training is, at its core, systems training. Inputs, controls, outputs, exceptions, audit trails — that is the exact framework required to design reliable business software. The questions I ask when reviewing a developer's work are familiar ones: what happens when input is incomplete? Where is the exception recorded? Is there an audit log? Compliance requirements, including GST rules, e-invoicing obligations, audit trails must be designed in from the start, not retrofitted. This applies equally to CAs in practice: a reconciliation tool your client runs themselves, a compliance tracker, a document checklist that follows up until everything is received. Define the process, specify the rules, build with AI. The firms that figure this out first will not just save time — they will offer it as a service.

Key observations for fellow members

1	Start with the process that generates the most errors or takes the most reconciliation time. The return there is highest.
2	Compliance requirements — GST, e-invoicing, audit trails — must be designed in from the start. Retrofitting them is significantly harder.
3	If you have not attended AICA yet, it is worth the three days. It will not teach you to build software. It will change how you think about your work.

Conclusion

The CA who waits for a software vendor to solve these problems will keep waiting. The CA who learns to define a process clearly enough for AI to act on it already has everything required to build. That is not a prediction about the future of the profession. It is a description of what is already happening. Build something small. Make it work. Then build the next thing.

“Don't wait for the things to happen
make them to happen”



Estimating Prepayment Behavior for Financial Instruments Under IFRS 9/Ind AS109

A Survival Modelling Framework for Loan Prepayment Risk in Lending Portfolios

Loan prepayment looks harmless on the surface but can have the potential to silently erode profits. When a borrower repays ahead of schedule, the lender loses the future interest income that was built into the product at origination, resulting in an asset-liability mismatch.

Across a retail portfolio of personal or home loans, this unmodelled behaviour directly erodes **Net Interest Margin (NIM) and affects Asset Liability Matching (ALM), resulting in loss on reinvestment of cash inflow at a lower rate than assumed**, compresses duration assumptions, and widens the gap between funding costs and asset returns. Most institutions are aware of the problem in principle. Few have modelled it with any rigour.

The standard modelling instinct is to frame this as a binary classification problem: will this borrower prepay or not? It is a reasonable starting point, but it misses something important. A borrower who exits in month 6 and one who exits in month 48 carry completely different implications for the lender, yet a binary model treats them as identical outcomes. The financial exposure, the opportunity to intervene, and the pricing response each depend on timing, not just the event itself.

For **credit risk teams**, the absence of a time-based prepayment model creates gaps in forward-looking cash flow estimation, with direct consequences for Expected Credit Loss (ECL) under IFRS 9/INDAS 109. Expected Credit Loss (ECL) staging and Probability of Default (PD) curves developed without prepayment adjustments carry a systematic bias that is increasingly questioned by auditors and regulators alike.

For **finance and accounting teams**, the consequences are different but equally significant. Effective interest rate (EIR) projections shift when prepayment changes the expected cash flow profile, and the amortization of deferred acquisition costs (DAC) no longer follows the original schedule. The result is periodic misstatements in revenue recognition that can be difficult to explain at year-end.

For **ALM and treasury teams**, the concern is reinvestment risk and duration mismatches, both of which tend to be underestimated. When prepayment clusters in early Months on Book (MOB), the effective portfolio duration contracts well ahead of the stated maturity, leaving a structural funding gap that was never planned for.

~35%

of 5-year tenure loans are prepaid before maturity in Our Analysis.

~ MOB 18

marks peak exits for good CIBIL customers in 5-year loans.

~ 5 Lakh

Simulated Personal loan accounts modelled across 28 variables for Study

“A person can do anything provided he wants to do something”



Modelling prepayment with Survival Analysis

Choosing survival analysis over logistic regression here is not a technical preference, it follows from what the question demands. Logistic regression answers **"will they prepay?"** Survival analysis answers **"when, and with what probability at each point in time?"**. For the purposes of pricing, ALM, and portfolio management, that distinction is what matters.

Hence, two tools are used in combination. The Kaplan-Meier (KM) estimator traces the survival probability at each month separately for different borrower segments, without imposing any distributional assumption on the data. The Cox Proportional Hazards model then quantifies how much each covariate independently shifts the prepayment hazard, holding everything else constant. One describes the pattern; the other explains it.

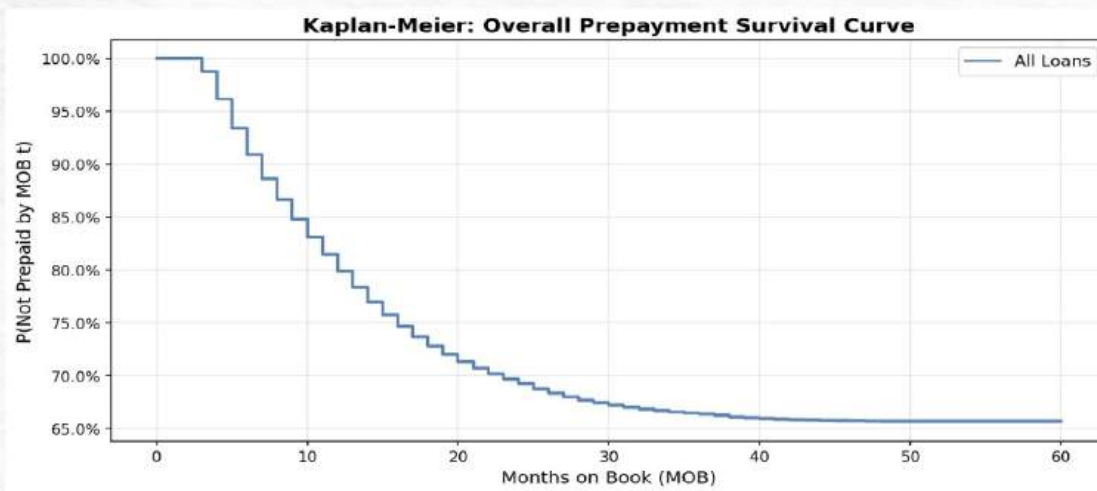


Figure 1 – KM Overall Survival Curve: ~35% of Overall loans prepay by MOB 60

Key Findings from the Segmentation Analysis

The segmentation analysis produces three findings worth examining in detail. Each has a direct implication for how the portfolio should be managed.

Finding 1: High-CIBIL Borrowers Prepay the Most

Borrowers with CIBIL scores above 800 show a 60-month survival rate of just 44%, meaning more than half of this segment has prepaid within five years. Below 650, the equivalent figure is only 22%. The gap seems counterintuitive at first, but it reflects a simple financial reality: high-CIBIL borrowers have access to refinancing options that lower-score borrowers typically do not. Better rates elsewhere, balance transfer products, and active lender competition all create exit routes. In this segment, creditworthiness itself is the mechanism driving early closure. (See Fig. 2)

Finding 2: Self-Employed Borrowers Carry ~ 2× the Prepayment Hazard

Of all the variables in the dataset, employment type produces the sharpest split. By month 60, approximately 52% of self-employed borrowers have prepaid, against 25% of salaried borrowers. The explanation is largely structural: self-employed individuals tend to receive income in lumps rather than fixed monthly credits. Business receipts, contract settlements, seasonal surpluses and any windfalls are often channeled into loan closure. This is not a marginal segment-specific pattern; it is a pricing and product structuring risk embedded in most retail books.



Finding 3: Loan-to-Income Ratio Acts as a Natural Brake

A higher loan-to-income (LTI) ratio is associated with lower prepayment rates, and the logic is straightforward. Borrowers who are already stretched financially do not have the spare liquidity to make lump-sum closures, regardless of intent. From a portfolio management perspective, this makes LTI more than just a credit quality indicator, it also acts as a proxy for duration stability. Portfolios with a higher concentration of stretched borrowers will, somewhat counterintuitively, retain assets for longer.

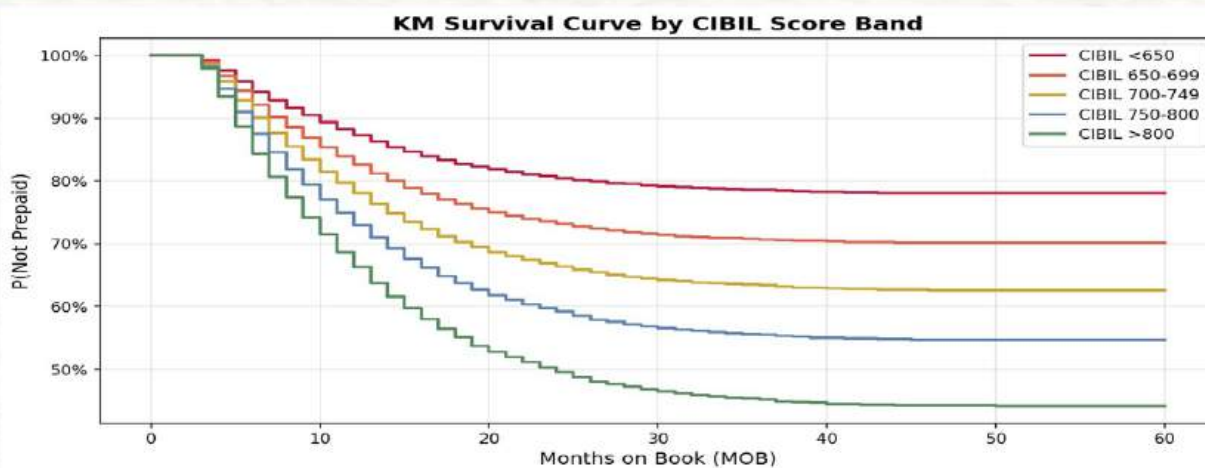


Figure 2: KM Survival Curves by CIBIL Score Band

The Cox Model - Ranking Every Driver Simultaneously

Where KM curves examine one segment at a time, the Cox model considers all variables together. It estimates the independent contribution of each covariate to the prepayment hazard while holding the rest constant, a more demanding but more credible test of what drives the behaviour. The chart below plots $\log(\text{Hazard Ratios})$ for each variable: positive values indicate elevated prepayment risk relative to baseline while negative values indicate suppression.

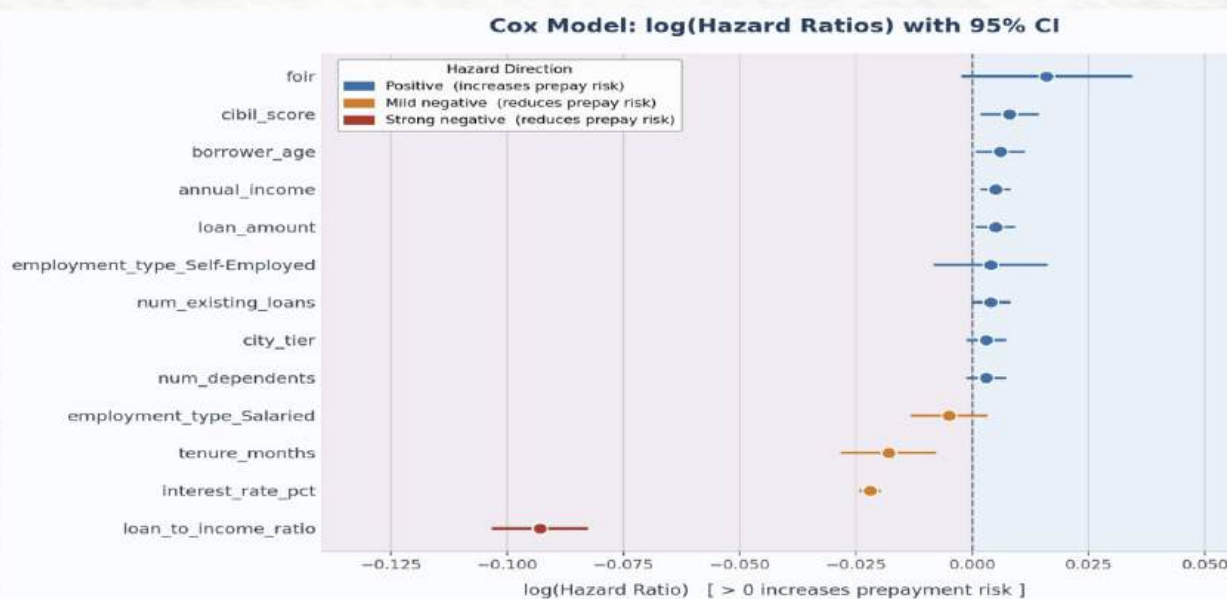


Figure 3: Cox Model – $\log(\text{Hazard R})$



↑ Accelerators of Prepayment

- › Self-employed status - $\log(\text{HR}) \approx +0.65$, implying $\sim 1.9\times$ hazard vs salaried
- › Tier 2/3 city location: smaller market dynamics, informal liquidity
- › Higher FOIR - borrowers managing multiple obligations restructure sooner
- › Older borrower age - more financial experience, quicker refinancing decisions

↓ Suppressors of Prepayment

- › High loan-to-income ratio - financial capacity constraint on lumpsum exits
- › Higher interest rate - refinancing incentive diminishes, reducing motivation
- › Longer loan tenure - often proxies for larger amounts or structured obligation
- › More existing loans - debt complexity deters additional financial action

From Model Output to Business Action

These outputs are only useful if they change how decisions get made. The following three areas represent the most direct applications, though the model's utility extends beyond them.

01

Prepayment Fee Structuring

Prepayment exits in this analysis are concentrated between MOB 6 and MOB 24. A flat prepayment penalty applied uniformly across the loan tenure implicitly treats an exit at month 8 the same as one at month 50 which understates early-period income loss and overstates protection at later stages. Fee schedules calibrated to the actual hazard profile, heavier in early MOBs and tapering as the loan seasons, can recover a meaningful portion of foregone interest. Self-employed borrowers, with roughly double the hazard of salaried peers, represent a segment that arguably warrants its own fee structure.

02

ALM & Duration Management

Duration estimates based purely on contractual tenure are a known source of error in ALM, but the gap widens considerably when the portfolio carries a high share of high-CIBIL or self-employed borrowers. Both groups show significantly elevated prepayment rates. Cox survival probabilities, applied at the segment level, allow cash flow projection models to reflect actual behavioural patterns rather than contractual assumptions producing duration estimates that better support regulatory submissions and internal funding decisions.

03

Retention & Offer Targeting

Borrowers carrying a model-estimated prepayment probability above 60% within the next 12 months represent a prioritised cohort for commercial intervention. A top-up offer, a rate review, or a product feature that raises the cost of switching can meaningfully reduce exit rates but only when deployed ahead of the decision. Once a borrower has already decided to close, the window has passed. The model converts a reactive process into a structured, forward-looking one.

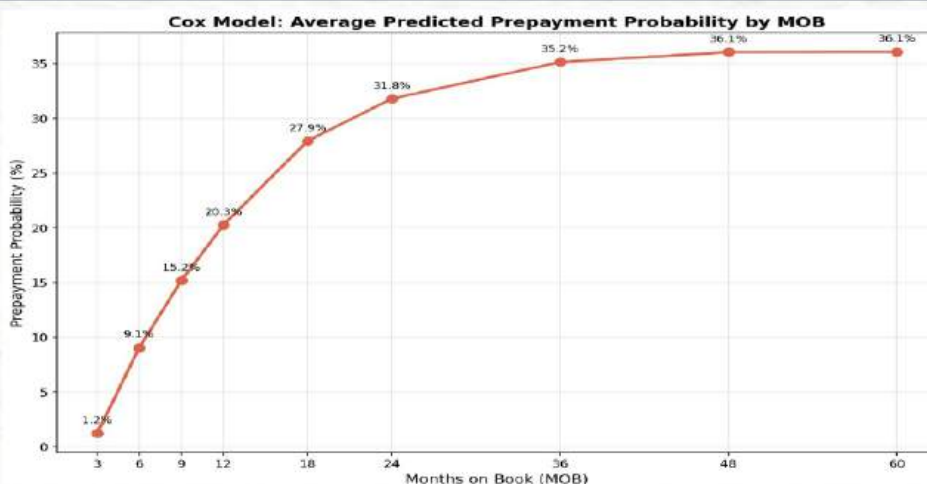


Figure 4 – Cox Model: Average Predicted Prepayment Probability by MOB. ~28% cumulative probability by MOB 18 - the critical intervention window



References:

Cox Prepayment Risk on P2P Networks — ResearchGate, 2020 | Full Prepayment of Mortgages: The Case of WU — University of Groningen
Tool: Python / Library: lifelines

Data:

1. ~5,00,000 synthetic personal loan accounts | 28 covariates | 60-month observation window
 2. The portfolio was segmented into three categories: approximately 25% prepaid (~1.25 lakh accounts), 32% matured (~1.6 lakh accounts), and 43% active (~2.15 lakh accounts). These proportions are broadly aligned with observed market behavior and are used here as reasonable illustrative assumptions.
 3. The dataset includes 28 features spanning borrower profile (age, income, credit score, employment type, dependents), loan details (amount, tenure, rate, EMI), exposure metrics (FOIR, income leverage, existing obligations), and behavioral indicators (months on book, outstanding balance, timing and amount of prepayment).
 4. Time-related fields, such as disbursement, maturity, and prepayment dates are incorporated to support duration-based
 5. This blend of demographic, financial, and behavioral information provides a strong foundation for analyzing how and when prepayments occur over the loan lifecycle.
- NOTE: The results are based on simulated data, and the identified drivers may vary under different assumptions or real-world conditions



Jayesh Pandit



Ganesh Sudrik



Mohit Jadhav



Seva Sankalp Resolution

(02nd March, 2026)



“Professionalism is self-taught, understood,
followed, implemented process.”



Certificate Course on AI for Chartered Accountants (Level 1) Batch - 635

(05th March, 2026)



“Self appraisal is most critical and challenging task.
If you do it honestly you will stand else you will collapse”



NSE officials visit at branch

(05th March, 2026)



Mr. Abhay Bajaj,

Senior Manager -

Business Development (SME Listing), NSE, India



Excellence with Endurance- Women's Day Celebration for Women CA's

(06th March, 2026)



“Women’s Day - Celebrating a day of the year is not an honor, every moment of the life is true honor.”



Walkathon - International Women's Day Initiative by WIRC (08th March, 2026)



“A professional need not be qualified but a qualified is expected to be a professional.”



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Felicitation on the occasion of Women's Day Celebration by WIRC CA Amruta Kulkarni (Past chairperson of Pune branch)

(08th March, 2026)



Banking Partner

Health Partner



“Probability of success is more with
punctuality and promptness”



Interactive meet with Government Authority - Mumbai Police

**Shri. Mahendra Pandit (IPS),
DCP Zone-5 Mumbai.**



“Success stories are always with them
who dare to take challenges.”



Seminar on Succession by Trust: Strategic Shield or Structural Risk?

(16th March, 2026)



“The satisfaction you get by helping someone is more than anything.”



Certificate Course on AI for Chartered Accountants (AICA) Level - 1 Batch : 664

(16th to 18th March, 2026)





National Conference on Statutory Audit of Bank Branches

(Day 01 - 21st March, 2026)



“Well planning is a requisite of success however
well execution is the condition of success.”



National Conference on Statutory Audit of Bank Branches

(Day 02 - 22nd March, 2026)



“Commitment is a guarantee of performance
without recourse and without duration.”



3 Days Seminar on Indirect Tax Litigation – GST, Customs & FTP

(27th to 29th March, 2026)



“Opportunity is like a rainbow capture it quickly as it disappears within no time.”



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“Threat in life is not to fear about but to become more tough and harder.”



INVITATION TO WRITE ARTICLES



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While submitting articles.

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- The length of articles should be about 750-1000 words
- Articles should be original in nature

Please send articles with:

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- 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.

All contributions are subject to approval by the editorial board.

“Taking any kind of risk in life is an adventure
however taking calculated risk is a venture.”



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