



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
FEBRUARY 2026

○ Opinion on accounting treatment of 'extension charges' levied on delay in construction

The Company has capitalised the extension charges imposed by the development authorities due to a delay in completing the construction. EAC has opined that such expenses are not necessary for the construction activity or for bringing any asset (land or building) to the location and condition necessary for it to be capable of operating. Instead, these cost represent the cost of holding the land without construction or during construction and are similar to administrative costs incurred during construction. Accordingly, such expenditure cannot be capitalised and should be expensed in the statement of profit and loss. *For more information, [Click here](#).*

○ ICAI has issued a research report on 'Liquidation Accounting' to address (a) the gaps in understanding and application of liquidation accounting principles and (b) practical challenges in transitioning from the going concern basis of accounting. *For more information, [Click here](#).*

○ AASB has issued a 'Practitioner's Guide on Drafting Modified Opinions in Independent Auditor's Reports' to assist auditors in preparing clear and appropriate modified opinions. The guide also contains illustrations and suggested reporting language for different types of modified audit opinions. *For more information, [Click here](#).*

○ AASB has also issued a Technical Guide on Revised Directions issued by CAG under Section 143(5) of the Companies Act, 2013. The guide helps auditors of Government companies to understand and report on the revised CAG directions (May and October 2025), covering areas such as IT controls, utilisation of Government grants, valuation of employee benefit investments, risk management, and regulatory compliance, along with illustrative reporting formats. *For more information, [Click here](#)*

○ ICAI has issued a 'Handbook on Key Compliances and Exemptions for Private Limited Company under the Companies Act, 2013'. The publication provides a practical reference for professionals and stakeholders, summarising key statutory compliances, exemptions and procedural requirements applicable to private companies from incorporation to ongoing operations. *For more details, [Click here](#).*

- CBDT has issued a draft Form 26 under the proposed Income-tax Rules pursuant to the Income-tax Act, 2025. The draft form proposes to replace the existing tax audit reporting forms (Forms 3CA, 3CB and 3CD) with a single consolidated tax audit report. The revised form is expected to be applicable from FY 2026-27, subject to final notification. *For more information, [Click here](#).*

MCA UPDATE

The Ministry of Corporate Affairs (MCA) has introduced the Companies Facilitation Scheme, 2026, allowing companies to regularise pending statutory filings, including annual returns, financial statements and dormancy-related forms, by paying nominal additional fees or concessional filing charges. *For more information, [Click here](#).*

RBI UPDATES

- RBI has amended its prudential norms to allow NBFCs to consider loan portfolios covered under Default Loss Guarantee (DLG) arrangements while computing Expected Credit Loss (ECL) provisions. *For more information, [Click here](#).*

- **Revised ECB Framework**

The Reserve Bank of India, through a circular dated 16 February 2026, has revised the External Commercial Borrowings (ECB) framework under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018. The revised framework aims to simplify and liberalise ECB regulations by expanding eligible borrowers and lenders, rationalising the Minimum Average Maturity Period (MAMP), and providing greater operational flexibility in borrowing terms. The amendments also remove the all-in-cost ceiling, increase the automatic route borrowing limit to USD 1 billion per financial year, and streamline end-use provisions. Consequently, reporting requirements have been revised, and updated Form ECB-1 (Revised ECB-1) and Form ECB-2 have been introduced.

For more details:

- RBI Notification on ECB framework, [Click here](#).
- RBI Circular on revised ECB reporting forms, [Click here](#).

Glossary:

EAC	Expert Advisory Committee
ICAI	Institute of Chartered Accountants of India
AASB	Auditing and Assurance Standards Board
CAG	Comptroller and Auditor General
CBDT	Central Board of Direct Taxes
RBI	Reserve Bank of India
NBFC	Non-Banking Financial Companies
ECB	External Commercial Borrowing

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