

**THE HONOURABLE SRI JUSTICE C.V. BHASKAR REDDY**

**WRIT PETITION Nos.35488/2022, 19717/2023, 20212/2023,  
20458/2023, 29510/2023 and 5089/2024**

**COMMON ORDER:**

The issues involved in these writ petitions are intrinsically interconnected and therefore, they are taken up and heard together and are being disposed of by this common order.

2. W.P.No.35488 of 2022 is filed seeking following relief:

*“...to pass an order or orders, direction or writ more particularly one in the nature of Writ of Certiorari calling for records and to declare that the action of the Respondent in issuing Show Cause Notice dated 03.08.2022 bearing reference no. NF-11011/17/2019 by consequently setting aside the same as the same are arbitrary, illegal, without jurisdiction and pass such further reliefs as this Hon'ble Court may deem fit and proper considering the nature and circumstances of the present case...”*

3. W.P.No.19717 of 2023 is filed seeking following relief:

*“...to pass an order or orders, direction or writ more particularly one in the nature of Writ of Certiorari calling for records and to declare that the action of the Respondent in issuing Show Cause Notice dated 05.07.2023 bearing reference no.NF-11011/17/2019 by consequently setting aside the same as the same are arbitrary, illegal, without jurisdiction and pass such further reliefs as this Hon'ble Court may deem fit and proper considering the nature and circumstances of the present case..”*

4. W.P.No.20212 of 2023 is filed seeking following relief:

*“...to pass an order or orders, direction or writ more particularly one in the nature of Writ of Prohibition directing the Respondent to not proceed in furtherance of the letter dated 15.06.2023 and letter bearing Ref No. NCAS/COM00048V3/1 dated 20.07.2023 issued to the Petitioner, as the same are arbitrary, illegal and wholly without jurisdiction; and consequently set aside the said letters dated 15.06.2023 and 20.07.2023...”*

5. W.P.No.20458 of 2023 is filed seeking following relief:

*“...to pass an order or orders, direction or writ more particularly one in the nature of Writ of Prohibition directing the Respondent to not proceed in furtherance of the letter dated 15.06.2023 and letter bearing Ref No. NCAS/COM00048V3/2 dated 20.07.2023 issued to the Petitioner, as the same are arbitrary, illegal and wholly without jurisdiction (to the extent concerning Financial Years (F.Ys) 2017-18 and 2018-19); and consequently set aside the said letters dated 15.06.2023 and 20.07.2023...”*

6. W.P.No.29510 of 2023 is filed seeking following relief:

*“...to pass an order or orders, direction or writ more particularly one in the nature of Writ of Certiorari calling for records and to declare that the action of the Respondent in issuing Show Cause Notice dated 04.10.2023 bearing reference no.NF-23/26/2022 by consequently setting aside the same as the same are arbitrary, illegal, without jurisdiction....”*

7. W.P.No.5089 of 2024 is filed seeking following relief:

*“...It is prayed that the Hon'ble Court may be pleased to issue any order or direction more particularly one in the nature of Writ of Prohibition directing the Respondent not to proceed in furtherance of the letter dated 8.1.2024 in reference file no.NF-23/32/2022 issued to the petitioner being arbitrary, illegal and wholly without jurisdiction to the extent concerning the financial years 2013-14 to 2016-17 issued under section 132(4) of the Companies Act, 2013, and consequently set aside the said letter dated 8.1.2024..”*

8. Writ Petition No.29510 of 2023 is taken up as a leading case to decide the *lis* in this batch of cases.

9. It is stated that the petitioner is Chartered Accountant and fellow member of Institute of Chartered Accountants of India (for short “ICAI”) and also partner of M/s.M.M.Reddy & Company, Chartered Accountants vide No.FRN 010371S. It is further stated that the petitioner is practicing since 2003 and he has got good reputation. The respondent-National Financial Reporting Authority

(for short “NFRA”), which is a statutory regulatory body constituted by the Government of India under Section 132(1) of Companies Act, 2013 conferred with powers to recommend and formulate accounting and auditing standards, monitor and enforce the compliance thereof, oversee the quality of service of professional accountants, suggest measures required for improvement in the quality of service and perform such other allied functions. It is stated that the respondent while exercising the power as regulatory authority has issued impugned show cause notice dated 09.11.2022 to the petitioner directing him to submit audit files for Statutory Audit of M/s. Concord Drugs Limited for the Financial Years 2015-16 and 2016-17. It is further stated that soon after receipt of said notice, the petitioner has provided all the documents relating to the said Financial Years vide letters dated 23.11.2022, 05.01.2023 and 17.01.2023. The grievance of the petitioner is that even after receipt of the said letters, the respondent has issued impugned show cause notice dated 04.10.2023 calling for explanation from him. Challenging the same, W.P.No.29510 of 2023 is filed.

10. The respondent-Executive Director of NFRA filed counter affidavit *inter alia* stating that NFRA is a Statutory Authority established under Section 132 of Companies Act, 2013 and it was brought into force w.e.f. 01.10.2018. It is further stated that the

object of constitution of authority is to maintain the required discipline and accountability among the Chartered Accountant professionals. It is stated that under Chartered Accountants Act, 1949 (for short “C.A.Act”), the authority to manage the affairs of the ICAI was with the Council of institute constituted under Section 3 of C.A.Act. But when the said system of self-regulation i.e, management and regulation of Chartered Accountants did not operate in a satisfactory manner, the Parliamentary Standing Committee on Finance (2010) considered the Companies Bill, 2009 and recommended for creation of a supervisory mechanism of auditing. The Parliamentary Standing Committee on Finance (2012) considered the Companies Bill, 2011 and reaffirmed the need for an independent regulator for accounting and auditing. As per the recommendations of the Parliamentary Standing Committees, Clause 132 was inserted in the Companies Bill, 2011. The Bill was later passed by the Parliament and consequently, the Companies Act, 2013 was enacted. However, since Section 132 was not notified, the NFRA could not come into existence for several years. It is stated in February, 2016, the Companies Law Committee was constituted by the Ministry of Corporate Affairs to make recommendations on the implementation of the provisions of the Act. More importantly, while doing so, the concerns of ICAI with respect to constitution of NFRA were rejected by the Committee. It is stated that subsequently, the

NFRA was constituted on 01.10.2018 by Government of India under sub-section (1) of Section 132 of the Act. It is further stated that NFRA was brought into existence considering the importance and need for stringent regulations in order to maintain accounting and auditing standards, as emphasized by the Committee Reports and the observations of the Hon'ble Supreme Court. It is stated that pursuant to the directions of the Hon'ble Supreme Court in **S.Sukumar vs. ICAI**<sup>1</sup>, a Committee of Experts was constituted and said Committee submitted its report on 25.10.2018 highlighting the fact that the accounting firms should not be left to self-regulate themselves. It is alleged in the counter affidavit that the involvement of various Chartered Accountant companies in mismanaging the affairs caused the loss to the investors, banks and tax payers and the betterment of the ordinary citizens. In the counter affidavit, various examples which lead to enormous destruction of wealth of causing significant loss to the banks, manipulation of balance sheets and destroying the confidence of investors in the stock markets, have been furnished. It is also stated that various cases have been registered against some of the Chartered Accountant companies by the Central Bureau of Investigation and Enforcement Directorate. It is further stated that taking consideration of these factors, to reform the regulatory structure of the auditing profession, the NFRA has

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<sup>1</sup> (2018) 14 SCC 360

been entrusted with the duty to examine the antecedents of the chartered accountant professionals/companies and the provision i.e, Section 132 was inserted into Companies Act and Rules were amended by NFRA Rules, 2018 and the same are not arbitrary, illegal and *intra vires* and ultimately prayed for dismissal of the writ petitions.

11. Considered the submissions of Mr.D.Prakash Reddy, learned Senior Counsel and Mr. Vikram Pooserla, learned Senior Counsel appearing for the petitioners along with their Advocates on record and Mr.Zoheb Hussain, learned counsel Mr. Vivek Gurnani, learned counsel, Mr. Pranjal Tripathi, learned counsel, Mr.V.Suradhish, learned counsel representing Mr.T.Srujan Kumar Reddy, learned Standing Counsel for the respondent (NFRA) and perused the record.

12. Mr.D.Prakash Reddy, learned Senior Counsel and Mr. Vikram Pooserla, learned Senior Counsel appearing for the petitioners submitted that the Companies Act was enacted in 2013 and received Presidential assent on 29.08.2013 and the provisions of the Act were brought into force on different dates. It is further submitted that so far as date of enforcement of Section 132 of Companies Act, is concerned, it was brought into force only on 24.10.2018 which is a strong indication that it has no retrospective effect as it was not notified till October, 2018. It is further submitted that there is a well-

established presumption that statute operate prospectively unless a clear intention to the contrary is expressed, which is absent in Section 132. For the above submissions, reliance was placed on ***Commissioner of Income Tax v. Vatika Township***<sup>2</sup>. It is contended that the notification bringing Section 132 into force from 24.10.2018 makes it evident that it is intended to apply only prospectively. No provision in the statute or in the NFRA Rules, 2018 authorizes retrospective application, or to examine the cases relating to the previous period before constitution of the NFRA. It is submitted that the Respondent's plea for retrospective interpretation to cure past mischief is untenable, especially when the language of the statute is clear and unambiguous as held in ***B.Premchand v. Mohan Koikal***<sup>3</sup>. It is contended that a retrospective interpretation of Section 132 would raise serious constitutional concerns under Article 20(1) of the Constitution of India, particularly because the provision introduces a new regulatory framework with stringent penal consequences that affect the vested rights of auditors. It is further submitted that the impugned notices issued by NFRA relate to audit periods prior to its constitution and seek to exercise penal powers, which is impermissible in law as it is well established that penal provisions are to be enforced prospectively. Learned Senior

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<sup>2</sup> (2015) 1 SCC 1 (Para 28-31) [Pg 57, 71/ Vol – I Petitioner's Compilation]

<sup>3</sup> (2011) 4 SCC 266

Counsel further submitted that, in terms of the Standard on Quality Control (SQC 1), specifically Article 23, auditors are required to retain audit records for only seven years. Therefore, any attempt to seek audit files beyond this statutory retention period is arbitrary, unreasonable, and without justification. In support of his submissions, learned Senior Counsel placed reliance on the decision of the Delhi High Court in ***N.Sethuraman v. ICAI***<sup>4</sup>, recognizing the 7-year retention limit. Finally, it is submitted that the power exercised by NFRA to publish Audit Quality Review (AQR) Reports without affording an opportunity of hearing to the auditors amounts to an excessive and unfettered exercise of power, which is manifestly arbitrary and violative of the principles of natural justice. Therefore, prayed this Court to allow the writ petitions and restrain the NFRA from proceeding against the petitioners in respect of audits conducted prior to 2018.

13. The learned counsel appearing for the respondent-NFRA submitted that the word 'continue' in proviso to Section 132(4)(a) i.e., "*Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the National Financial Reporting Authority has initiated an investigation under the section*", indicates that NFRA is empowered with retrospective

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<sup>4</sup> Judgment dated 21.04.2022 passed in W.P.No.12251/2019 by the High Court of Delhi



jurisdiction. It is further submitted that the powers conferred to NFRA under Section 132 are retrospective/retroactive since NFRA was constituted as a remedial measure to cure mischief in the existing mechanism. It is also submitted that NFRA was brought into force to establish an independent mechanism to ensure compliance with auditing standards. For the above submissions, the learned Counsel placed much reliance on reports of Parliament Standing Committee on Finance. It is further submitted that Section 132 does not affect any vested or substantive rights and therefore can have retrospective operation. It is also submitted that enforcement of Section 132 is merely a procedural change and the same does not take away the rights which have been vested under the said provisions of the Act. It is further submitted that no right of the Petitioners is violated at the stage of issuing notice and seeking documents and that they are not an 'aggrieved' person under law. Further, it is submitted that NFRA as a Regulating Authority is conferred with power not only initiating the penal action but also taking suitable disciplinary action or for recommending disciplinary action. Therefore, issuance of show cause notices would not debar the NFRA to conduct an enquiry and the present writ petitions are filed with misconception that the NFRA has not been conferred with power for issuance of notices for the previous financial years to unearth the misconduct on the part of the petitioners. In support of

his submissions, the learned counsel relied upon the decision in ***Harish Kumar T.K v. NFRA***<sup>5</sup> and submitted that the NCLAT held that NFRA has retrospective jurisdiction for period prior to its formation or prior to coming into effect of Section 132 and the said findings have attained finality by the dismissal of Civil Appeals by the Hon'ble Supreme Court vide orders dated 22.03.2024 and 17.05.2024. Further, on the principle of doctrine of merger, the learned counsel relied upon the decision in ***Pernod Ricard India (P) Ltd. v. Commissioner of Customs***<sup>6</sup> and ultimately prayed to dismiss the writ petitions.

14. In reply, the learned Senior Counsels appearing for the petitioners submitted that the plain and literal interpretation of the term “continue” as used in the proviso to Section 132(4)(a) of the Companies Act, 2013, prohibits parallel proceedings by other bodies such as ICAI once the NFRA has initiated an investigation. It is contended that the proviso is intended to prevent dual or overlapping proceedings and does not, by implication, confer retrospective jurisdiction on NFRA. It was further argued that in the absence of an express statutory provision indicating retrospective operation, such a construction is impermissible in law. The learned Senior Counsel further submitted that Section 132 prescribes enhanced penal

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<sup>5</sup> Judgment dated 01.12.2023 passed in CA(AT) No. 68/2023 by NCLAT

<sup>6</sup> (2010) 8 SCC 313

consequences for misconduct, including higher monetary penalties and debarment periods, which significantly differ from those under the C.A Act, 1949. Thus, the amended provision has a substantive impact and must be applied prospectively. Reliance is placed on ***Shah and co. v. State of Maharashtra & another***<sup>7</sup>. For the maintainability of the writ petition, the learned Senior Counsel relied upon the decisions in ***Union of India and another v. Kunisetty Satyanarayana***<sup>8</sup> and ***Executive Engineer v. Ramesh Kumar Singh and others***<sup>9</sup>. Placing reliance on the decision in ***Experion Developers Pvt Ltd v. Himasnhu Dewan & Ors.***<sup>10</sup>, it is submitted that the Hon'ble Supreme Court had clarified the distinction between doctrine of merger, law of precedents and *res judicata*. It is further submitted that the principles laid down by the Full bench of the Hon'ble Supreme Court in ***Commissioner of Income Tax v. Vatika Township***'s case (supra) were not considered by the NCLAT and therefore, the decision of NCLAT is *per incuriam*.

15. The core issue called for to address in these cases is “*whether the National Financial Reporting Authority (NFRA) constituted under Section 132(1) of the Companies Act, 2013, is empowered to*

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<sup>7</sup> 1967 SCC OnLine SC 20

<sup>8</sup> (2006) 12 SCC 28

<sup>9</sup> (1996) 1 SCC 327

<sup>10</sup> (2023 SCC OnLine SC 1029

*investigate into matters of professional misconduct relating to Financial Years (F.Ys) prior to its constitution on 01.10.2018?”.*

16. The brief facts that are necessary for disposal of the present writ petitions are stated as under:

17. The Government of India, Ministry of Corporate Affairs, acting on the reports of the Standing Committee on Finance has amended Section 132 of the Companies Act for constitution of National Financial Regulatory Authority (NFRA). The key functions entrusted to NFRA is to make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or their auditors, monitor and enforce the compliance with accounting standards and auditing standards as prescribed, oversee the quality of Auditing Professionals associated with ensuring accounting standards and suggest measures required for improvement of quality of service and such other allied matters. Prior to amendment of the said provision under the Companies Act, the ICAI constituted under the provisions of the Chartered Accountants Act is empowered to regulate and monitor the accounting/auditing standards of the professionals associated with the accountancy. Having noticed that ICAI is not effectively regulating or controlling the activities of accountancy and persons associated with auditing the reports and having experienced that the

audit reports/accountancy reports and its credibility which ultimately would have impact on the financial indiscipline, appointed various Standing Committees for suitable recommendations for amending the provisions of the Companies Act for imposing suitable disciplinary action on the persons responsible for finalization of the audit reports on *quid pro quo* and denuding the reputation of the Government and its subsidiaries for obtaining financial sanction on the international platform.

18. Under Section 210-A of the Companies Act, 1956, the Central Government is conferred with the power to constitute an advisory committee called as “National Advisory Committee on Accounting Standards” (NACAS) to advise the Central Government on the formulation and laying down of accounting policies and accounting standards for adoption by Companies or class of companies under the Act. The Companies Bill, 2009 empowers the NACAS to make recommendations to the Central Government both on accounting standards as well as auditing standards. The Committee submitted various suggestions to face economic challenges across the globe in recent past, casting a doubt on role of Management of auditors and need to promote an independent regulatory regime conferring power to recommend the Standards on Corporate Financial Reporting, Corporate Audit and Quality of Service of Professionals associated

with ensuring compliance and overall observation of functions of the persons associated with the accountancy. The Parliament duly taking into consideration of the various reports by NACAS and the Standing Committee on Finance has amended Section 132 of the Companies Act. Sub-section (1) of Section 132 was amended w.e.f 01.10.2018 under which the NFRA was constituted to curb the indiscipline in accountancy and allied matters relating to the auditors/chartered accountants. In exercise of powers under sub-Section (11) of Section 132 of Companies Act, the Central Government has appointed the various committees to regulate and discharge the functions of the NFRA and the Rules made thereunder were amended from time to time called as 'NFRA Rules, 2018'. After constitution of the NFRA, to monitor and enforce the compliance with accounting standards, NFRA has issued the impugned notices to the auditors/chartered accountant companies to verify the reports relating to the previous periods of accounts prior to the constitution of NFRA. Questioning that NFRA is not conferred with power to make an enquiry for the accounting years prior to its constitution, these writ petitions came to be filed.

19. A careful examination of the submissions made by both sides reveals that the core issue to be addressed is whether the word "continue" mentioned in the proviso to Section 132(4) of the

Companies Act, 2013 empowers NFRA to conduct inquiries or investigations for financial years prior to its constitution. The proviso states that “no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the NFRA has initiated an investigation under this section.” The petitioners argue that, in the absence of any pending proceedings before any other authority or forum at the time of NFRA’s constitution, NFRA cannot assume jurisdiction to initiate fresh proceedings for prior years. They contend that this amounts to a violation of Article 20(1) of the Constitution of India, which prohibits conviction or imposition of a penalty for any act that was not an offence at the time it was committed or imposes a greater penalty than what existed at that time. It is further submitted that, prior to the amendment of Section 132(4)(c) of the Companies Act, the Chartered Accountants Act, 1949, particularly Section 21B, governed the disciplinary mechanism. Under the Chartered Accountants Act, the penalties for professional misconduct were limited to removal of the member’s name from the register either permanently or for a fixed period, or the imposition of a fine up to Rs.5 lakhs. After the amendment to Section 132(4)(c), the penalties became significantly more stringent, which reads as follows:

20. The punishment defined under the Chartered Accountants Act, 1949 would vary after amendment of Section 132(4)(c) of the Companies Act imposing higher penalty is detailed below:

*“(I) Not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and*

*(II) not less than ten lakh rupees, but which may extend to ten times of the fees e received, in case of firms;*

*(B) debarring the member or the firm from-*

*I. being appointed as an auditor or internal auditor or undertaking any audit in respect of financial statements or internal audit of the functions and activities of any company or body corporate; or*

*II. performing any valuation as provided under Section 247, for a minimum period of six months or such higher period not exceeding ten years as may be determined by the National Financial Reporting Authority.”*

21. A plain reading of the amended provisions of Section 132(4)(c) of the Companies Act, 2013 clearly indicates that the punishment prescribed under the said provision is significantly higher than what was stipulated under Section 21B of the Chartered Accountants Act, 1949. Under the new provision, not only are higher monetary penalties imposed, but additional consequences such as debarment from undertaking audit or valuation work for a specified period are also introduced. This change in the nature and extent of the penalty reinforces the petitioners’ contention that the provision is substantive in nature and, therefore, cannot be applied retrospectively.



21. It is a well-settled principle of law that the legislature has the authority to enact laws with either prospective or retrospective effect. However, while it may retrospectively declare an act to be an offence, it cannot impose a punishment greater than what was prescribed at the time the act was committed. Article 20(1) of the Constitution of India protects individuals from ex post facto penal laws in respect of conviction and punishment. Although this protection does not extend to civil consequences such as forfeiture of property, cancellation of licenses, or debarment from business activities, any retrospective application of a penal or quasi-penal provision must be narrowly interpreted. Therefore, while NFRA may be permitted to initiate disciplinary inquiries for misconduct committed prior to its constitution, it cannot impose enhanced punishments that were not in force at the relevant time.

22. Coming to the instant case, the impugned show cause notices issued by NFRA merely seek explanations and information from the petitioners concerning audits conducted during financial years prior to 2018. The information sought from the petitioners under the show causes would lead to commencing an enquiry and consequential action thereon for imposition of quantum of punishment would depend upon the result of the enquiry. Deciding these issues at this stage is premature and the petitioners if aggrieved with the quantum

of punishment, if any, imposed are entitled to question the same before the appropriate forum.

23. Be that as it may, the issues raised in this writ petitions are no longer *res integra*. In the similar circumstances, when NFRA while exercising powers under Section 132(4) of Companies Act, 2013 read with Rule 11(6) of NFRA Rules, 2018, issued notices to the various other auditors and companies and passed orders, the same were questioned on the file of the National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi vide Company Appeal (AT) No.68/2023 and batch. The NCLAT placing reliance on the judgment of the Hon'ble Supreme Court in **S.Sukumar's** case (supra); **Union of India and others vs. Deloitte Haskins and Sells LLP and another**<sup>11</sup>; **Mayarani Punch CIT, Income Tax Deli**<sup>12</sup> and **S. Ganesan vs A.K. Joscelyne**<sup>13</sup>, **Zile Singh vs. State of Haryana**<sup>14</sup> dismissed the appeals vide common order dated 01.12.2023 observing that if new law is made to take care of known wrongs for the benefits of the society on its own, then the provision of retrospective application in new law may not be required and necessary implication need to be made out from the language employed. Aggrieved by the order dated 01.12.2013 in Company

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<sup>11</sup> 2023 SCC OnLine SC 557

<sup>12</sup> 1986(1) SCC 445

<sup>13</sup> 1957 SCC Online Cal 43

<sup>14</sup> (2004) 8 SCC 1

Appeal (AT) No.68 of 2023 passed by the NCLAT, the Civil Appeal No.3656 of 2024 was filed on the file of Hon'ble Supreme Court and the Hon'ble Supreme Court vide order dated 17.05.2024 dismissed the appeal confirming the order of the NCLAT.

24. While the matter stood thus, W.P. (C) No.5842/2023 and batch came to be filed on the file of the High Court of Delhi, precisely raising the very similar issues raised in this batch of writ petitions. The challenge made in those writ petitions are the validity of Section 132 of the Companies Act, 2013 and the Rules 3, 8, 10, 11 of NFRA Rules, 2018. While questioning the validity, the petitioners therein also questioned the issuance of notices by the NFRA for commencement of disciplinary action in respect of perceived acts of professional or other misconduct and for consequential imposition of the penalties. The Hon'ble Division Bench of High Court of Delhi vide judgment dated 07.02.2025 after exhaustive consideration of various judgments of Hon'ble Apex Court, while upholding the validity of Section 132 of Companies Act and NFRA Rules, 2018 stated that the same does not amount to violation of Article 20(1) of the Constitution of India. The Division Bench at Para 337 (P), observed as follows:

*“As was pertinently observed by the Supreme Court, a statute is not liable to be viewed as having retroactive operation merely because it draws upon an event or act which preceded its promulgation. Acts of misconduct committed prior to October 2018 were neither accorded nor conferred a shield of immunity. Section 132 does not create a new disqualification or create a novel set or category of misdemeanors to*

*constitute professional or other misconduct. The conduct of an audit, an individual or a firm remains liable to be enquired into based on the obligations and duties which held the field even prior to the introduction of Section 132. The conduct of an audit would continue to be examined and evaluated based on those legal obligations and set of rules which existed earlier.”*

25. The aforesaid observations would manifest that the NFRA is conferred with power to conduct an enquiry for the act of misconduct committed prior to October, 2018 and Section 132 of the Companies Act, does not create a new disqualification or create a novel set or category of misdemeanor to constitute professional or other misconduct. Questioning the aforesaid judgment, the NFRA has filed Special Leave Petition No.4139 of 2025 wherein the Hon’ble Apex Court vide order dated 17.02.2025, passed the following order:

*“xxxx.... We are informed that the petitioner will be filing special leave petition(s) against the impugned judgment in the context of the other writ petitions which have also been allowed.*

*Without prejudice to the rights and contentions of the petitioner, in cases where there were no Audit Quality Review Reports (AQRR) prepared and no final orders have been passed, the proceedings may continue but no final orders will be passed. We clarify that where final orders have been passed, such orders will not be given effect to.”*

26. In the present cases, the challenge is made to the authority of NFRA in issuing show cause notices to the petitioners. It is well settled law that the Writ Courts are ordinarily refrained from exercising the writ jurisdiction to interfere with the show cause notices. Even the issue relating to the jurisdiction can also be questioned before the appellate authority constituted under the statute. In view of upholding Section 132 of Companies Act by the

Division Bench of High Court of Delhi in W.P. (C) No.5842/2023 and batch and the impugned action in these writ petitions is only against the show cause notices and judgment of the High Court of Delhi is subject matter of SLP No.4139 of 2025 and batch, wherein the Apex Court observed that in cases where there were no Audit Quality Review Reports (AQRR) prepared and no final orders have been passed, the proceedings may continue but no final orders would be passed. It was further clarified that where final orders have been passed, such orders shall not be given effect to. For the aforesaid reasons, the present writ petitions filed questioning the show cause notices are devoid of merits and the same are liable to be dismissed.

27. Accordingly, these Writ Petitions are dismissed.

Miscellaneous petitions, if any pending in these writ petitions shall stand closed. No order as to costs.

Date: 10.06.2025  
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**C.V. BHASKAR REDDY, J**