

IN THE HIGH COURT FOR THE STATE OF TELANGANA  
AT HYDERABAD

FRIDAY, THE EIGHTEENTH DAY OF AUGUST  
TWO THOUSAND AND TWENTY THREE

**:PRESENT:**  
**THE HON'BLE MRS JUSTICE SUREPALLI NANDA**

**WRIT PETITION NO: 20212 OF 2023**

**Between:**

M/s. P Murali

Petitioner

**AND**

National Financial Reporting Authority, 7<sup>th</sup> -8<sup>th</sup> Floor, Hindustan Times House, 18-20,  
Kasturba Gandhi Marg, New Delhi - 110 001, India, Represented by Secretary.

Respondent

Petition under Article 226 of the Constitution of India, praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased 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;

**IA NO: 1 OF 2023:**

Petition under Section 151 of CPC, praying that in the circumstances stated in the affidavit filed in the writ petition, the High Court may be pleased to stay all further proceedings with regard to letter dated 15.06.2023 and letter bearing Ref No. NCAS/COM00048V3/1 dated 20.07.2023 issued by the Respondent to the Petitioner, pending disposal of WP 20212 of 2023, on the file of the High Court.

The petition coming on for hearing, upon perusing the Petition and the affidavit filed therein, and upon hearing the arguments of Sri Vikram Pooerla, Senior Counsel rep. Sri M. Abhinay Reddy, Advocate for the Petitioner, the Court made the following.

**ORDER:**

**“Heard Mr. Vikram Pooerla, learned Senior Designated counsel appearing on behalf of the petitioner.**

This Court under similar circumstances passed order in W.P. No. 20458 of 2023, dated 01-08-2023, this Court opines that the petitioner herein is also entitled for grant of similar interim relief;

Notice before admission.

Learned counsel for the petitioner is permitted to take out personal notice to the respondent and file proof of service into registry.

This Court *prima facie* is of the opinion that the respondent initiated proceedings retrospectively in regard to the audits conducted prior to the year 2018.

The Five Judge Bench judgment of the Apex Court reported in (2015) 1 SCC 1 dated 15.09.2014 in Civil Appeals No.8750 of 2014 and batch, dealing with general principles concerning retrospectively at paras 27, 28 and 29 observed as under:

“27. A legislation, be it a statutory Act or a statutory rule or a statutory notification, may physically consists of words printed on papers. However, conceptually it is a great deal more than an ordinary prose. There is a special peculiarity in the mode of verbal communicating by legislation. A legislation is not just series of statements, such as one finds in a work of fiction/non-fiction or even in a judgment of a court of law. There is a technique required to draft a legislation as well as to understand a legislation. Former technique is known as legislative drafting and latter one is to be found in the various principles of “interpretation of statutes”. Vis-à-vis ordinary prose, a legislation differs in its provenance, layout and features as also in the implication as to its meaning that arise by presumptions as to the intent of the maker thereof.

28. Of the various rules guiding how a legislation has to be interpreted, one established rule is that unless a contrary intention appears, a legislation is presumed not to be intended to have a retrospective operation. The idea behind the rule is that a current law should govern current activities. Law passed to day cannot apply to the events of the past. If we do something today, we do it keeping in view the law introduced for the first time to deal with future acts ought not to change

the character of past transactions carried-on upon the faith of the then existing law.

29. The obvious basis of the principle against retrospectively is the principle of "fairness", which must be the basis of every legal rule as was observed in *L'Office Cherifien des Phosphates v. Yamashita Shinnihon Steamship Co.Ltd.* Thus, legislations which modified accrued rights or which impose obligations or impose new duties or attach a new disability have to be treat as prospective unless the legislative intent is clearly to give the enactment a retrospective effect; unless the legislation is for purpose of supplying an obvious omission in a former legislation or to explain a former legislation".

In view of the fact, as borne on record that the respondent was constituted by the Central Government on 01-10-2018 under Section 132(1) of the Companies Act, 2013 and Section 132 (4) was enforced with effect from 24.10.2018 and the NFRA Rules, 2018 were brought into force on 14.11.2018, this Court *prima facie* is of the opinion that the respondent does not have any jurisdiction or statutory authority to issue any directions or commence any proceedings against the petitioner pertaining to audits conducted prior to its constitution.

Taking into consideration the above referred facts and circumstances of the case and the law laid down by the Apex Court in the judgment reported in 2015(1) SCC 1 dated 15-09-2014 in Civil Appeals No. 8750 of 2014 and batch (referred to and extracted above), there shall be stay of all further proceedings with regard to letter dated 15-06-2023 and letter bearing Ref. No. NCAS/COM00048V3/1, dated 20-07-2023 issued by the respondent to the petitioner to the extent concerning Financial years 2014-15 and 2016-17.

List the matter along with the other connected matters i.e., W.P. Nos. 35488, 19717 and 20458 of 2023 on 18-09-2023 for counter of the respondent.

//TRUE COPY//

**SD/-P. PADMANABHA REDDY**  
**ASSISTANT REGISTRAR**

**SECTION OFFICER**

To,

1. The Secretary, National Financial Reporting Authority, 7<sup>th</sup> -8<sup>th</sup> Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi - 110 001, India. (BY RPAD)
2. One CC to Sri M.Abhinay Reddy, Advocate (OPUC)
3. One Spare Copy



**HIGH COURT**

**SN,J**

**DATE: 18-08-2023**

**NOTE: POST ON 18-9-2023**

**ORDER**

**WP. NO. 20212 OF 2023**

**STAY**

