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COURT OF RECORD

Bombay High Court

Insolvency No Shield for Directors in Cheque Bounce Cases

Sheikh Rayees • October 7, 2025

PUBLISHED REPORT

In a significant ruling, the Bombay High Court declared that directors cannot escape criminal prosecution for dishonoured cheques merely because their company is undergoing insolvency proceedings. The Court emphasised that while a corporate debtor enjoys protection under the Insolvency and Bankruptcy Code (IBC), the personal liability of its directors and signatories under the Negotiable Instruments Act (NI Act) remains intact.

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