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SUPREME COURT

# Supreme Court Clears Ex-Director of Liability in Cheque Bounce Case Due to IBC Moratorium

Sheikh Rayees • March 18, 2025

## PUBLISHED REPORT

The Supreme Court has ruled that cheque dishonour proceedings under Section 138 of the Negotiable Instruments Act, 1881, cannot be pursued against a former company director if the cause of action arose after a moratorium was imposed under the Insolvency & Bankruptcy Code, 2016 (IBC). The Court emphasized that once a moratorium is in place, the powers of the board of directors are suspended, and the management is transferred to...

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