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SUPREME COURT

Supreme Court Shields Independent Directors from Cheque Bounce Liability Without Direct Involvement

Sheikh Rayees • March 6, 2025

PUBLISHED REPORT

The Supreme Court has reaffirmed that non-executive and independent directors of a company cannot be held liable for a dishonored cheque under the Negotiable Instruments Act, 1881, unless their direct involvement in the company's financial transactions is explicitly demonstrated. The ruling makes it clear that merely holding a directorial position does not equate to accountability for the company's financial obligations. The Court emphasized that only those actively...

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