



2026:DHC:1985



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **W.P.(C) 6196/2024, CM APPL. 25835/2024, CM APPL. 49949/2024, CM APPL. 20911/2025 and CM APPL. 41116/2025**

Date of Decision: **12.02.2026****SUDHA GUPTA**

.....Petitioner

(Through: Mr.Mohit Chaudhary, Mr.Kunal Sachdeva, Mr.Anubhav Singhal and Mr. Lakshay Yadav Advocates.)

versus

UNION OF INDIA & ORS.

.....Respondents

(Through: Mr. Ashish k Dixit CGSC with Mr Umar Hashmi Ms Iqra shiekh Ms Namita MS Urmila Sharma Ms Deepika Kalra Ms Venni Kakkar, Advocates for R-UOI.)

CORAM:**HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV****J U D G E M E N T****PURUSHAINDRA KUMAR KAURAV, J. (ORAL)**

The instant petition seeks quashing the purported Look Out Circular (LOC) issued by Respondent No.3 at the behest of Respondent No.2

2. The facts of the present case indicate that on 23.08.2013, Bank of India sanctioned a loan of Rs. 35 Crores to M/s Our Infrastructure Pvt. Ltd. (hereinafter referred to as the “*Borrower Company*”), for which the petitioner stood as a personal guarantor. Thereafter, on 03.09.2014, another

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term loan amounting to Rs. 49 Crores was sanctioned by a consortium comprising Bank of India and respondent No. 2 – Bank of Baroda, against the mortgage of immovable property valued at approximately Rs. 85.16 Crores. The petitioner was also one of the Directors of the Borrower Company. Subsequently, the loan account of the Borrower Company was declared as a Non-Performing Asset (NPA) on 31.08.2019, and proceedings for recovery of the outstanding dues were initiated by the lending banks. It is pertinent to note that the petitioner was also issued a show cause notice dated 20.07.2020 by respondent No. 2, initiating proceedings to declare her as a “Wilful Defaulter”.

3. Mr. Mohit Chaudhary, learned counsel for petitioner submits that despite the dispute being purely civil and arising out of loan recovery proceedings, a LOC was issued against the petitioner at the instance of respondent No. 2 – Bank of Baroda.

4. Mr. Kush Sharma, learned counsel appearing on behalf of the Respondents, has vehemently opposed the reliefs sought by the Petitioner.

5. I have heard learned counsel for the parties and have perused the record.

6. During the pendency of the present petition, the petitioner sought permission from this Court to travel abroad. Accordingly, *vide* order dated 19.05.2025, this Court permitted the petitioner to travel to Russia for the period from 10.06.2025 to 30.06.2025. The said permission was granted upon consideration of the facts and circumstances of the case.



7. Upon a perusal of the record, it appears that the sole basis for issuance of the impugned LOC is to secure recovery of the alleged outstanding debt arising out of the loan facilities extended to the Borrower Company.

8. Recently, this Court in the case of ***Vineet Gupta v. Union of India & ors***¹, while taking a note of various decisions *inter alia*, in ***Maneka Gandhi v. Union of India***², ***Sumer Singh Salkan v. Asst. Director***³ and ***Viraj Chetan Shah v. Union of India***⁴, has copiously reiterated that LOC is a coercive executive measure that directly impinges upon the fundamental right to travel, which forms an integral part of personal liberty under Article 21 of the Constitution of India. It was also emphasised that continuance of an LOC is not indefinite and must withstand strict judicial scrutiny on the touchstone of various factors like necessity, proportionality, fairness, and due process. Thus, it was held that where the subject has cooperated with investigation and there is no demonstrable requirement for restraint, continuation of the LOC would be arbitrary and liable to be quashed. The relevant extract of the aforementioned decision reads as under: -

“10. On the conspectus of the aforementioned decisions and memorandum, it is seen that the following guiding principles emerge governing the issuance, continuance, and judicial review of LOC:

(i) LOC constitutes a coercive executive measure having a substantial impact on the fundamental right to travel, which forms an integral facet of the right to life and personal liberty guaranteed under Article 21 of the Constitution of India. Consequently, the power to issue an LOC must be exercised sparingly, strictly in accordance with law, and only upon satisfaction of the conditions prescribed under the governing

¹ 2026 :DHC:1616

² (1978) 1 SCC 248

³ 2010 SCC OnLine Del 2699

⁴ 2024 SCC Online Bom 1195

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Office Memoranda;

(ii) An LOC may be issued only in cases involving a cognizable offence under the relevant statutes, where specific, tangible material demonstrates that the person concerned is deliberately evading arrest or judicial process, or that there exists a real and proximate likelihood of absconding;

(iii) Moreover, the exceptional power under Clause 6 (L) of the Office Memorandum dated 22.02.2021 is to be narrowly construed and may be exercised only in rare and compelling cases, where, the proposed departure of subject poses a clear and grave threat to the sovereignty, security, or integrity of India, or to its strategic or economic interests in a national or systemic sense, or the larger public interest;

(iv) An LOC issued at the instance of Chairman, Managing Director, or Chief Executive Officers of Public Sector Banks, would not withstand the scrutiny of law and judicial review. Thus, as of now, the LOC issued to Public Sector Banks cannot be sustained and are liable to be quashed;

(v) Courts, in exercise of writ jurisdiction, are duty-bound to subject the issuance and continuation of LOCs to strict scrutiny, balancing the legitimate interests of the State with the individual's fundamental rights, and to quash such circulars where the restraint imposed is found to be arbitrary, disproportionate, lacking in statutory backing, or violative of the principles of fairness, reasonableness, and due process. Ultimately, the burden lies squarely upon the "originating agencies" to justify, the necessity, proportionality, and legality of the restraint, failing which such action cannot be sustained. Pertinent to observe that the continuance of an LOC is not indefinite and must be periodically reviewed. Where it is evident from the record that the subject has cooperated with the investigation, has not evaded the process of law, and where no further interrogation or presence is demonstrably required, the continued operation of an LOC would amount to an unreasonable and unjustified restriction on personal liberty;

(vi) However, it is also to be emphasised herein that the Writ Court is not the exclusive grievance redressal mechanism available to a person against whom a LOC has been issued. As held in Sumer Singh Salkan, a person against whom a LOC is issued is, in the first instance, required to join the investigation or surrender before the jurisdictional Court, or otherwise satisfy the Court that the LOC is unwarranted. The individual may also approach the authority which ordered issuance of the LOC and seek its withdrawal on the grounds of illegality or non-application of mind. An LOC may be withdrawn by the originating

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authority and may also be rescinded or modified by the trial Court or the Court having jurisdiction over the concerned police station, upon an appropriate application.”

9. Thus, having considered the overall facts and circumstances and in view of the aforementioned principles there does not seem to be any justification to continue the LOCs in question, and accordingly, the same stand set aside. Let the concerned bank to inform the immigration department of the same.

10. If on account of any intervening circumstances, the circumstances so warrant, the respondent shall be at liberty to take appropriate action including reopening of the LOC in accordance with law.

11. If any fixed deposit is submitted by the petitioner, let the same be refunded subject to due verification.

12. With the aforesaid observations, the instant petition stands disposed of along with all pending applications.

(PURUSHAINDRA KUMAR KAURAV)
JUDGE

FEBRUARY 12, 2026
Nc/mj

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