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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **W.P.(C) 6201/2024, CM APPL. 25854/2024, CM APPL. 49972/2024 and CM APPL. 20815/2025**

Date of decision: **12.02.2026.**

SHRI. VISHNU BHAGWAN .....Petitioner

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

versus

UNION OF INDIA & ORS. .....Respondents

(Through: Mr. Shashank Dixit, CGSC with Mr. Kunal Raj, Advocate for R-UOI.)

CORAM:
HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

JUDGEMENT

PURUSHAINDRA KUMAR KAURAV, J. (ORAL)

The present Writ Petition assails the legality, validity and correctness of the Look Out Circular ("LOC") issued by respondent No.3 against the petitioner at the instance of respondent No.2 Bank in an arbitrary and mechanical manner.

2. The facts of the instant case would indicate that the Borrower Company, M/s Our Infrastructure Pvt. Ltd., was sanctioned a loan of Rs.35 Crores by Bank of India on 23.08.2013. Subsequently, another term loan amounting to Rs. 49 Crores was sanctioned by a consortium comprising

Bank of India and respondent No.2 – Bank of Baroda against mortgage of immovable property valued at approximately Rs.85.16 Crores.

3. In December 2017, the petitioner, a Chartered Accountant by profession, was engaged by the Borrower Company for providing professional services and was subsequently inducted as a Director of the Borrower Company. On 15.01.2019, as a precondition to join as a Director of the Borrower Company, a Deed of Personal Guarantee was executed in favour of Respondent No.2 Bank.

4. The loan account of the Borrower Company was thereafter declared as a Non-Performing Asset (NPA) on 31.08.2019. Subsequently, on 20.07.2020, Respondent No.2 Bank issued a show cause notice to the petitioner, initiating proceedings to declare the petitioner as a "Wilful Defaulter".

5. It came to the petitioner's knowledge that a LOC had been issued at the instance of respondent No.2 against persons associated with the Borrower Company, including the petitioner, only after the ex-director Mr. Anil Goel was stopped at Indira Gandhi International Airport on 13.07.2022 while attempting to travel abroad.

6. It is submitted by the petitioner that the issuance of the LOC in a mechanical manner, without following due process and without providing any opportunity of hearing, is arbitrary, illegal and violative of Articles 14 and 21 of the Constitution of India as well as the principles of natural justice.

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

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

9. 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.

10. 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 aforenoted decision reads as under: -

> "*10.On the conspectus of the aforenoted decisions and memorandum, it is seen that the following guiding principles emerge governing the*

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[1] 2026 :DHC:1616
[2] (1978) 1 SCC 248
[3] 2010 SCC OnLine Del 2699
[4] 2024 SCC Online Bom 1195

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 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) ***<u>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;</u>***

(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 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."

11. Thus, having considered the overall facts and circumstances and in view of the aforenoted 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.

12. 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.

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

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

(PURUSHAINDRA KUMAR KAURAV)
JUDGE

FEBRUARY 12, 2026
Nc/mj