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

\+ W.P.(C) 7726/2024 and CM APPL. 32085/2024, CM APPL. 52433/2025

VINEET GUPTA .....Petitioner

Through: Mr. Kirtiman Singh, Sr. Adv. with Mr. Ritwik Saha, Ms. Shruti Swaika and Mr. Shaurya Shyam, Advs.

versus

BUREAU OF IMMIGRATION & ORS. .....Respondents

Through: Mr. O.P. Gaggar and Mr. Sachindra Karn, Advs. for R-1.
Mr. Krishan Kumar, Mr. Seemant K. Garg and Mr. Nitin Pal, Advs. for R-2 to 12.
Dr. B. Ramaswamy, CGSC.

CORAM:
HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

O R D E R

% **22.01.2026**

1. Heard learned counsel appearing for the parties.

2. The petitioner in the instant petition seeks the following reliefs:

"a. direct the Respondent No. 1 and/or the Respondent Nos. 2, 3, 5, 6, 7, 9, 10, 11 and 12 to disclose and place on record before this Hon'ble Court the following details, as on the date of the filing of the instant Petition and also provide to the petitioner: 1. Date of issuance of LoC, issued against the petitioner by the respondent No. 1 11. Details/reasons of the issuance ofLOC, including restrictions placed on the travel of the petitioner abroad. iii. to quash the said LOC issued by the respondent No. 1 and all consequential actions taken by the respondents pursuant to the issuance of LoC; b. pass any and such and further orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case;"

3. The case of the petitioner is that a company by the name of Gupta Power Infrastructure Limited (Company) had availed capital credit facility amounting to a sum of around Rs. 3500 Crore from a consortium of public sector banks led by respondent no. 2-bank. He executed a personal guarantee dated 26.08.2022 towards repayment of the same in the event of its default.

4. In the counter affidavit filed on behalf of respondent no.2-bank, at whose behest the Look Out Circular was opened, the stand taken is that a vast sum of public money remains outstanding against the Company and since the petitioner is one of the guarantors as well as the legal heir of the deceased Managing Director thereof, a request was made for opening of a Look Out Circular as a matter of abundant caution. It is stated that therefore, the departure of the petitioner from the country is detrimental to the economic interests of India and to the larger public interest.

5. However, the aspect of the petitioner's being a personal guarantor is disputed by the petitioner. According to the petitioner, the minutes of the Consortium meeting dated 11.08.2021 states that the petitioner's personal guarantee has been released by the respondents themselves. Letter dated 29.12.2021 has also been brought to the notice to state that the credit facility to the Company notes that the personal guarantee of the petitioner stood released. However, for the sake of argument, the Court has assumed that the petitioner is a guarantor, without prejudice to his contentions.

6. During the course of hearing, it transpires that till date, no F.I.R. has been registered against the petitioner. Further, the petitioner has also not been called upon by any investigating/enforcement agency for investigation. It is also seen that the respondent-banks have already initiated proceedings under the Insolvency and Bankruptcy Code, 2016 and the same are stated to

be pending at present.

7. The power to open Look Out Circulars at the instance of Chairmen/Managing Directors/Chief Executives of Public Sector Banks can be traced to the Clause 6(B)(xv) of the Consolidated guidleines for issuanmce of 'Look Out Circulars (LOC) in respect of Indian citizens and foreigners-reg' contained in Office Memorandum No. 25016/10/2017 dated 22.02.2021 (Guidelines of 2021) issued by the Ministry of Home Affairs.

8. Under Clause (I) of the Guidelines, where the subject is not accused of any cognizable offence under the penal laws, he/she cannot be prevented from leaving the country and the 'originating agency', which is respondent no. 2-bank in the instant case, can only request that they be informed about his/her arrival/departure from the country.

9. Clause (L), thereof, makes provision for issuance of Look Out Circulars in exceptional cases, whereby, the departure of a person from India is detrimental to the economic interest of India or in the larger public interest. It is seen that this is the reason assigned for the issuance of the impugned Look Out Circular.

10. The Bombay High Court, in the case of ***Viraj Chetan Shah v. Union of India***,[1] has struck down Clause 6(B)(xv) of the Guidelines of 2021 as bad in law on the ground of arbitrariness, unreasonableness, improper and invalid classification, and conferment/delegation of uncanalised and excessive power. This Court, has stopped short of striking down the said provision, but has followed the decision in ***Viraj Chetan Shah*** towards placing fretters on any unbridled invocation of Look Out Circulars under the same. Reference can be made to the decisions in ***Rajesh Kumar Mehta v.***

Union of India,[2] and ***Prateek Chitkara v. Union of India***,[3] ***Vinay Mittal & Anr v. Bank Of Baroda & Ors.***,[4]

11. Placing reliance on the decision in ***Viraj Chetan Shah,*** learned counsel appearing for the respondents tries to explain the concept of economic interest. He asserts that the vast sum of public money which is due against the Company renders the present case within the scope of the term 'detrimental to the economic interests of India'.

12. However, at the outset, it is to be noted that according to respondents' own affidavit, the impugned action has been initiated as a measure of 'abundant caution'. The Guidelines of 2021, nowhere, empower the authorities to take recourse to such a drastic action only as a measure of 'abundant caution'. There must exist sufficient material with the respondents to invoke action for opening of a Look Out Circular. The counter affidavit on behalf of respondent no. 2-bank is completely silent on these aspects.

13. Further, this Court has examined the power to issue Look Out Circulars on the ground that departure of the subject from India would be detrimental to the economic interests of India, in a plethora of cases, including in the case of ***Rajesh Kumar Mehta v. Union of India***,[5]. The question for consideration before the Court was whether Look Out Circulars can be opened at the instance of banks only because of the failure on the part of a borrower to repay loans for which the LOC subject stood as a personal guarantor. After observing that the right to travel abroad has been recognized as an integral part of the fiundamental right to liberty guaranteed

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[1] 2024 SCC OnLine Bom 1195
[2] 2024:DHC:4548
[3] 2023 SCC OnLine Del 6104
[4] 2025:DHC:2720

under Article 21 of the Constitution of India by the Supreme Court in the case of ***Maneka Gandhi v. Union of India***,[6] the Court held that banks cannot open a Look Out Circular as an arm-twisting tactic to recover debts, especially when the subject is not engaged in any fraud or in any siphoning off or defalcation of the amounts given as loan.

14. The Court also took note of the decision in ***Prateek Chitkara v. Union of India***,[7] wherein, the term 'detrimental to economic interest' used in Guildelines of 2021 has been analysed by the Court. The Court was of the opinion that the said term would include 'squandering of public money', 'siphoning off amounts taken as loans from banks', 'defrauding epositors', 'investing in hawala transactions' etc. It further held that Look Out Circulars cannot be issued in every case of bank loan defaults, etc. Th relevant portion of the said decision is extracted below, for reference:

> *"82. The term "detrimental to economic interest" used in the Office Memorandum is not defined. Some cases may require the issuance of a look-out circular, if it is found that the conduct of the individuals concerned affects public interest as a whole or has an adverse impact on the economy. Squandering of public money, siphoning off amounts taken as loans from banks, defrauding depositors, indulging in hawala transactions may have a greater impact as a whole which may justify the issuance of look-out circulars. However, issuance of look-out circulars cannot be resorted to in each and every case of bank loan defaults or credit facilities availed of for business, etc. Citizens ought not to be harassed and deprived of their liberty to travel, merely due to their participation in a business, whether in a professional or a nonexecutive capacity. The circumstances have to reveal a higher gravity and a larger impact on the country."*

15. While the dues against the Company is, of course, in respect of a large sum, regard has to be had to the fact that the petitioner has not been accused

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[5] 2024:DHC:4548
[6] (1978) 1 SCC 248
[7] 2023 SCC OnLine Del 6104

of any cognizable offence under the penal laws and the only reason for the issue of a Look Out Circular against him is the fact that he is a personal guarantor in respect of the loan. Further, while the case of respondent no. 2-bank is that the promoters/directors of the Company have siphoned of the money, it is not their case that the petitioner has also taken part in the same. This Court in its decision in ***Anastasiia Pivtsaeva & Anr. v. Union of India & Ors.***[8] has held that mere association or a familial relationship with an accused, absent any concrete material showing direct involvement or complicity in the alleged offence, cannot justify adverse action such as denial of security clearance or the continuation of coercive measures. In ***Rajesh Kumar Mehta***, this Court, when faced with a similar situation, has held as follows:

> *"25. Lookout Circular has been issued against the Petitioner only because of the inability of the company to repay its debts for which the Petitioner stood guarantee. There are no criminal proceedings against the Petitioner and there is no allegation that the Petitioner was instrumental in defalcation or siphoning off the money. The Bank has already initiated steps against the Petitioner and the company by taking steps under the RDDB Act, SARFAESI Act and under the IBC. This Court is of the opinion that after resorting to all the remedies available in law, the Bank cannot open a Lookout Circular as an arm-twisting tactic to recover debt from a person who is otherwise unable to pay more so when there are no allegations that he was engaged in any fraud or in any siphoning off or defalcation of the amounts given as loan."*

16. Having considered the overall conspectus of the facts and situations, aspecially, in light of the fact that the petitioner was neither a director of the Company, nor was involved in any of its day to day functioning, and that the respondent-banks have already taken recourse to appropriate proceedings for recovery of the money, the Court finds that there is no justification for

[8] 2024 SCC OnLine Del 5170

continuation of the impugned Look Out Circulars.

17. Accordingly, the same stands set aside.

18. However, liberty is granted to the respondents to invoke the Guidelines of 2021 if the circumstances so warrant.

19. Petition stands disposed of.

PURUSHAINDRA KUMAR KAURAV, J

JANUARY 22, 2026/p/amg