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

+ **W.P.(C) 11023/2025**

Date of Decision: **25.02.2026**

IN THE MATTER OF:

SRIDHAR LAGADAPATI

.....Petitioner

Through: Mr. Malak Bhatt, Ms. Neeha Nagpal,
Mr. Shreyansh Chopra, Advocates.

versus

UNION OF INDIA & ORS.

.....Respondents

Through: Mr.Rohan Jaitley CGSC, Mr.Akshay
Sharma Adv, Mr.Dev Pratap Shahi
Adv, Mr.Varun Pratap Singh Adv,
Mr.Yogya Bhatia Advocates for UOI.
Mr.
Mr. Arun Aggarwal & Ms. Kajal
Ashok Mishra, Advocates for R-3.

CORAM:

HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

J U D G E M E N T

PURUSHAINDRA KUMAR KAURAV, J. (ORAL)

The petitioner seems to be erstwhile Managing Director of Lanco Infratech Limited ('LITL') and had relinquished his position in the year 2004. The petitioner claims that consequent to his resignation he was inducted as a non-executive Director of LITL and was considered as a part of 'promoter group' in terms of the Securities and Exchange Board of India

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(Issue of Capital and Disclosure Requirements) Regulations, 2009. The petitioner claims to have started his own entertainment business between the years 2004 to 2006.

2. In the year 2017, the National Company Law Tribunal (‘NCLT’), Hyderabad Bench admitted a petition and ordered commencement of CIRP proceedings against LITL. In interregnum, the Ministry of Corporate Affairs also directed investigation by respondent no.2 into the affairs of LITL.

3. It, however, remains undisputed that till date no FIR, Charge-sheet or complaint has been registered against the petitioner. The petitioner is not required by any of the investigating agencies. The investigation initiated by the Serious Fraud Investigation Office (‘SFIO’) has also been closed against the petitioner. The sole basis for issuance of Look Out Circular (‘LOC’) is the request by the financial institutions.

4. The Court in the case of *Vineet Gupta vs. Union of India*,¹ has held that the LOC at the instance of Chairman, Managing Director or Chief Executive Officer of the Public Sector Banks would not stand the scrutiny of law. In the paragraph no. 28 of the said judgment the Court has held as under:

“28. 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

¹ 2026 DHC 1616



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) 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

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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.”

5. In view of the overall facts and circumstances, there is no reason to allow the LOC to remain in existence and, accordingly, the same stands set aside.
6. The security, if any, deposited by the petitioner be refunded by the concerned Registrar upon due verification to the petitioner or to the representative, duly authorized by the petitioner.
7. With the aforesaid, the petition, along with pending applications, stands disposed of.

PURUSHAINdra KUMAR KAURAV, J

FEBRUARY 25, 2026

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