

Cryptocurrencies Constitute 'Property' Under Indian Law: Madras High Court

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Introduction

In recent years, cryptocurrency has experienced phenomenal growth worldwide, and disputes related to virtual assets are increasingly reaching courts and arbitral tribunals. In India, a landmark judgment by the Madras High Court ("**High Court**") in *Rhutikumari v. Zanmai Labs Pvt. Ltd.*¹ has, for the first time, recognised cryptocurrency as a "*property*" under Indian law. The High Court held that virtual currencies are capable of ownership, possession, and being held in trust. In this case, the High Court has addressed pertinent legal issues as to the jurisdiction of Indian Courts to grant interim relief in respect of foreign-seated arbitrations and the legal status of cryptocurrencies.

Brief Facts

The applicant had purchased 3,532.30 XRP coins worth INR 1,98,516 in January 2024 through the WazirX crypto exchange platform (a subsidiary of Zettai Pte. Ltd., the Respondent). In July 2024, WazirX announced a major cyberattack on one of its cold wallets. This resulted in a loss of \$230 million worth of Ethereum and ERC-20 tokens. WazirX froze all user accounts, including that of the applicant. This prevented her from accessing or trading her XRP holdings. The WazirX User Agreement contained an arbitration clause for referring disputes to the Singapore International Arbitration Centre ("**SIAC**") with Singapore as the seat of arbitration.

Zettai initiated restructuring proceedings in Singapore and proposed a scheme of arrangement under the Singapore Companies Act for the fair distribution of remaining assets among users. The Singapore High Court approved the said scheme on 13.10.2025, under which users, including the applicant, would be compensated on a *pro-rata* basis through a three-step process involving the transfer of assets and the reopening of withdrawals.

In the present case, the applicant filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 ("**the Act**"), seeking an injunction restraining WazirX from redistributing or reallocating her assets pending arbitration.

Observations of the Madras High Court

At the outset, the High Court considered the preliminary objection raised by the Respondent regarding the maintainability of the application. The Respondent argued that since the digital wallets in question were held outside India by a

1 Rhutikumari v. Zanmai Labs Pvt. Ltd., 2025:MHC:2437.

foreign entity, the application under Section 9 of the Act could not be entertained by the High Court. Conversely, the Applicant contended that a part of the cause of action had arisen within the High Court's territorial jurisdiction. The Applicant had transferred her Indian currency from her bank account in Chennai and accessed and used the WazirX platform through her mobile phone within India. Therefore, the Applicant argued that the High Court had the jurisdiction to entertain the petition.

The High Court accepted the contention of the Applicant. It placed reliance upon the judgment in **PASL Wind Solutions (P) Ltd. v. GE Power Conversion India (P) Ltd.**², wherein it was held that in foreign-seated arbitrations, Indian Courts can exercise jurisdiction under Section 9 if the assets of one of the parties are situated in India and interim protection is sought concerning those assets. Accordingly, the High Court held that the application was maintainable.

The High Court noted that the main issue was whether the applicant must be construed as an investor or proprietor of her holdings and, consequently, whether the proceedings before the Singapore High Court which culminated in the approval of the modified scheme of arrangement would bind her.

To place this issue in proper context, the High Court referred to international jurisprudence that has progressively evolved to treat cryptocurrencies as property. In the United Kingdom, in the landmark decision in **AA v. Persons Unknown**³, it was held that "*bitcoin could be considered a form of property, capable of ownership and transfer.*" The Singapore High Court in **Janesh s/o Rajkumar v. Unknown Person**⁴ and **ByBit Fintech Ltd. v. Ho Kai Xin**⁵, also held that "*digital tokens can be defined, identified, transferred and stored like any other form of property.*"

Turning to Indian jurisprudence, the High Court relied on the decision of the Supreme Court in **Internet and Mobile Association of India v. Reserve Bank of India**⁶, wherein it was explained that the concept of virtual currency is inexpressible within conventional legal definitions but nevertheless real in its existence and effects.

The High Court also referred to the New Zealand High Court's ruling in **Ruscoe v. Cryptopia Ltd (in Liquidation)**⁷, wherein it was held that cryptocurrencies are a type of intangible property capable of being held on trust:

2 PASL Wind Solutions (P) Ltd. v. GE Power Conversion India (P) Ltd. (2021) 7 SCC 1.

3 AA v. Persons Unknown, [2019] EWHC 3556 (Comm).

4 Janesh s/o Rajkumar v. Unknown Person [2022 SGHC 264].

5 ByBit Fintech Ltd. v. Ho Kai Xin [2023 SGHC 199].

6 Internet and Mobile Association of India v. Reserve Bank of India, (2020) 2 SCR 297.

7 Ruscoe v. Cryptopia Ltd (in Liquidation) [2020 NZHC 728].

"They are a type of intangible property as a result of the combination of three interdependent features: (1) they obtain their definition as a result of the public key recording the unit of currency; (2) the control and stability necessary to ownership are provided by the private key attached to the corresponding public key and the generation of a fresh private key upon a transfer of the relevant coin."

The High Court observed that the reasoning in **Ruscoe (supra)** was consistent with the global trend of recognising digital assets as property. It reiterated that although it is only a series of "1s and 0s", it is more than mere information; it is a type of property and is capable of being held on trust. Accordingly, the High Court concluded that while cryptocurrencies may not constitute "currency" *stricto sensu*, they undoubtedly possess characteristics of property capable of ownership, transfer, and protection under law. The Applicant's holdings of XRP coins, therefore, constituted digital assets held in her beneficial ownership and were not merely speculative investments.

The High Court observed that in India, the term "property" is not statutorily defined except in laws with specific contexts. To understand its scope, the High Court referred to the exposition of the term in **Ahmed G.H. Ariff v. CWT**⁸, wherein the Supreme Court observed as below:

"Now 'property' is a term of the widest import and subject to any limitation which the context may require, it signifies every possible interest which a person can clearly hold or enjoy... There was no reason why that word should not be given a liberal and wide connotation and should not be extended to those well-recognised types of interests which had the insignia or characteristic of proprietary right..."

Relying upon the above, the High Court observed that the constitutional understanding of property has always been broad and liberal, covering all interests which a person can possess, use, and enjoy. It further relied upon the judgment of the Supreme Court in **Jilubhai Nanbhai Khachar v. State of Gujarat**⁹, which interpreted the word "property" in the context of Article 300A of the Constitution. The Apex Court had observed:

"Property in legal sense means an aggregate of rights which are guaranteed and protected by law... The exclusive right of possessing, enjoying, and disposing of a thing is property in legal parameters. Therefore, the word 'property' connotes everything which is subject of ownership, corporeal or incorporeal, tangible or intangible, visible or invisible, real or personal; everything that has an exchangeable value or which goes to make up wealth or estate or status."

⁸ Ahmed G.H. Ariff v. CWT, (1969) 2 SCC 471.

⁹ Jilubhai Nanbhai Khachar v. State of Gujarat, [1995 Supp (1) SCC 596].

Drawing from the above pronouncements, the High Court held that cryptocurrency constitutes property under Indian law. It may not be tangible or physical, nor is it "currency" in the statutory sense, but it is a property capable of being owned, possessed, enjoyed, and held in trust. In other words, although digital tokens are intangible and not legal tender, they possess attributes of property *i.e.* they are definable, identifiable, transferable, and capable of exclusive control through private keys. The High Court observed that under Indian law, cryptocurrency is treated as a "virtual digital asset" under Section 2(47A) of the Income Tax Act, 1961.

The Court then relied upon the detailed reasoning of the Bombay High Court in **Zanmai Labs Private Limited v. Bitcipher Labs LLP**¹⁰, where it was observed:

"The virtual digital asset, held electronically, are meant to be held in trust with a fiduciary duty owed to the owners of such assets... If an asset is stored digitally on the WazirX Platform... whether it can be held that the very asset would stand eroded due to a security lapse or security breach and such erosion can be validly spread across all users of the platform is a matter that would need to be adjudicated... Pending such adjudication, the vulnerable party whose assets stand frozen is indeed entitled to protection."

"To use those assets not belonging to Zanmai, and that too by Zettai, and to utilize them for covering losses attributable to other users is not something even on the face of it lends itself to a reasonable acceptance... The virtual digital assets are held in trust, and the person in custody of such assets owes a fiduciary duty to their owners."

The High Court was in complete agreement with the above findings of the Bombay High Court. It reiterated that crypto assets stored on such platforms are held in trust and any erosion or adjustment of unrelated assets owing to cyber breaches or foreign arrangements cannot be presumed without adjudication.

The High Court held that the applicant, whose crypto assets (XRP coins) were not affected by the cyber-attack and stored in a separate wallet, could not be subjected to erosion or loss, especially when the breach occurred in connection with a distinct class of asset (ERC-20 coins).

The High Court held that since the status of the modified scheme of arrangement approved by the Singapore High Court on 13.10.2025 and its binding effect on the applicant was pending adjudication before the Arbitral Tribunal, the applicant was entitled to interim protection under Section 9 of the Act. The High Court directed Zattai to furnish a bank guarantee for a sum of INR 9,56,000 in favour

¹⁰ Zanmai Labs Private Limited v. Bitcipher Labs LLP, Commercial Arbitration Petition (L) No. 11646 of 2025, dated 07.10.2025.

of the Applicant, or to deposit the said sum in an escrow account to preserve the subject matter till the arbitration proceedings come to an end.

Comment

The judgment of the Madras High Court is a positive step forward towards the recognition of cryptocurrencies under Indian law. By classifying cryptocurrency as "*property*", the High Court has clarified the legal status of these assets in a rapidly growing digital economy. An important takeaway from the ruling is that, if the crypto assets are held or operated from India, Indian courts would have jurisdiction to provide interim relief to safeguard them, even in cases where the agreement provides for a foreign-seated arbitration. The significance of this is that Indian investors are not left without remedy simply because the dispute resolution clauses in the trading platforms' terms of service incorporate arbitration clauses providing for reference of disputes to foreign-seated arbitrations. The judgment also acknowledges the fiduciary duty of crypto exchanges toward users. The High Court held that exchanges act as trustees of user assets and must safeguard them responsibly during cyber attacks. This imposes a higher standard of care and accountability on exchanges which have been operating with limited oversight.

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