



\$~5

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

%

*Date of Decision: 02.07.2026*+ **LPA 393/2026 & CM APPL. 34470/2026**

AMIT RANJAN &amp; ORS.

.....Appellants

Through: Mr. Dinesh Jotwani, Advocate, Mr. Syed Adil Muneer, AOR and Ms. Sharanya Tripathi, Advocate.

versus

UNION OF INDIA AND OTHERS

.....Respondents

Through: Mr. Amit Tiwari, CGSC with Ms. Ayushi Srivastava, Mr. Arpan Narwal and Mr. Kushagra Malik, Advocates for UoI.

Mr. Abhinav Sharma, Mr. Dipan Sethi and Mr. Snehashish Bhattacharya, Advocates for R-3.

Mr. Premtosh K. Mishra, SPP with Mr. Anubhav Upadhyay, Advocate for R-9 (CBI).

Mr. Rohan Kothari and Ms. Shivani Pegatraju, Advocates for R-11 to R-13.

**CORAM:****HON'BLE THE CHIEF JUSTICE****HON'BLE MR. JUSTICE TEJAS KARIA****TEJAS KARIA, J. (Oral)****CM APPL. 34471/2026 (Condonation of Delay)**

1. For the reasons stated in the Application, the delay of 59 days in re-filing the present Appeal is hereby condoned.



2. The Application stands disposed of.

**LPA 393/2026**

3. The present Letters Patent Appeal has been preferred assailing the judgment and order dated 11.02.2026 (“**Impugned Judgment**”) passed in W.P.(C) 197/2025 titled as ‘*Aditya Malhotra & Ors. v. Union of India & Ors.*’ (“**Writ Petition**”), whereby the Writ Petition was disposed of, *inter alia*, by placing reliance upon the decision in *Rana Handa v. BitBNS Internet Pvt. Ltd. & Ors.*, Neutral Citation: 2026:DHC:1446, and by granting liberty to the Appellants to approach the appropriate forum(s) for adjudication of their grievances pertaining to Prayer Nos. 4 and 5 of the Writ Petition.

4. Brief facts leading to filing of the present Appeal are hereunder:

4.1. The Appellants are stated to be users of the cryptocurrency exchange platform ‘BitBNS’, which is operated by Respondent No. 11 and was co-founded by Respondent Nos. 12 and 13.

4.2. The Reserve Bank of India (“**RBI**”) issued a circular dated 06.04.2018 (“**Circular**”), whereby regulated entities were prohibited from dealing in, or providing services in relation to, virtual currencies. Subsequently, on 04.03.2020, the Supreme Court, in *Internet and Mobile Association of India v. Reserve Bank of India*, Neutral Citation: 2020 INSC 264, set aside the Circular, thereby restoring the ability of cryptocurrency exchanges to access banking channels.

4.3. Thereafter, the Finance Act, 2022 (“**Finance Act**”) introduced taxation regime in respect of Virtual Digital Assets (“**VDAs**”),



including provisions relating to taxation of income arising from their transfer and deduction of tax at source.

- 4.4. A public statement dated 01.02.2022 (“**Public Statement**”) was issued by BitBNS in relation to a reported cyber incident affecting the platform. Thereafter, users were permitted to withdraw wallet balances, subject to a limit of ₹5,000/- per day. A collective criminal complaint dated 06.09.2024 was subsequently filed by the affected users on the National Cyber Crime Portal.
- 4.5. Thereafter, the Appellants instituted the Writ Petition seeking, *inter alia*, the following reliefs:

*“1. Mandate the SEBI (response), Union of India, Ministry of Finance; Reserve Bank of India and the Ministry of Electronics and IT to implement a regulatory framework and policies regulate cryptocurrency exchanges and transactions to ensure investor protection.*

*2. Direct the constitution of a Special Investigation Team (SIT) under the Central Bureau Of Investigation (CBI) (Respondent No. 9 ) to register a FIR and investigate thoroughly the financial fraud, cyberattack, fund mismanagement and operational lapses at BitBNS.*

*3. Direct any of the Government Agencies (Respondent No. 1 to 4, 6-8) to conduct a thorough investigation into the offences alleged to have been committed on Petitioners and other investors.*

*4. Direct Respondent No. 11, 12 and 13 to immediately release the funds of Petitioners and Victims and lift the withdrawal restrictions and start express INR withdrawal.*

*5. Award compensation to all affected petitioners and users who have suffered financial losses due to*



*mismanagement and fraudulent activities by Respondent no. 12 and Respondent no. 13.”*

- 4.6. *Vide* the Impugned Judgment, the learned Single Judge disposed of the Writ Petition, holding, *inter alia*, that the dispute essentially arose out of private law transactions and that Respondent Nos. 11 to 13 were not ‘State’ within the meaning of Article 12 of the Constitution of India, 1950 (“**Constitution**”) and, therefore, no exceptional circumstances had been made out warranting a direction for investigation by the Central Bureau of Investigation (“**CBI**”) or a Special Investigation Team (“**SIT**”). The Impugned Judgement also granted liberty to the Appellants to avail of such alternative remedies as may be available to them in law.
- 4.7. Aggrieved thereby, the Appellants have preferred the present Appeal.
5. Mr. Dinesh Jotwani, learned Counsel for the Appellants submitted that:
- 5.1. The learned Single Judge erred in treating the controversy as a purely private dispute, without appreciating that the Writ Petition squarely raised issues pertaining to regulatory inaction, statutory oversight, and systemic failure affecting a substantial number of investors across the country, thereby disclosing clear public law elements warranting examination under Article 226 of the Constitution.



- 5.2. The learned Single Judge further erred in holding that Respondent Nos. 11 to 13 were not amenable to writ jurisdiction, without examining whether entities operating in a financial domain involving public funds, interfacing with regulated banking channels, and affecting a large class of investors would attract public law scrutiny by reason of the nature of their functions.
- 5.3. The Impugned Judgment erred in observing that no exceptional circumstances had been made out for directing an investigation by the CBI or an SIT, without duly appreciating the facts relating to the large-scale impact on investors, the alleged cyber incident, possible fund mismanagement, and complaints lodged across the country, all of which indicated systemic ramifications.
- 5.4. The learned Single Judge failed to appreciate that VDAs have been statutorily recognised under the Finance Act and are subject to taxation, deduction of tax at source, and anti-money laundering obligations. Cryptocurrency exchanges, therefore, operate within a regulated financial framework attracting public law scrutiny, and that regulatory inaction despite statutory recognition of the sector violates the constitutional guarantees under Articles 14 and 21 of the Constitution. The grievance, accordingly, was directed against regulatory inaction and not merely against private entities.



- 5.5. In the facts of the present case, a direction for investigation by a specialised central agency was warranted, having regard to the scale, complexity, and cross-jurisdictional nature of the alleged irregularities.
- 5.6. The learned Single Judge erred in placing reliance upon ***Rana Handa*** (*supra*) without independently examining the distinct constitutional and regulatory issues raised in the Writ Petition.
6. Mr. Rohan Kothari, learned Counsel for Respondent Nos. 11 to 13 submitted that:
- 6.1. The dispute, in substance, arises out of transactions between individual investors and a private cryptocurrency exchange and is, therefore, governed by private law. Respondent Nos. 11 to 13 are private entities and do not fall within the definition of ‘State’ or instrumentalities of the State under Article 12 of the Constitution.
- 6.2. The issues raised in the Writ Petition substantially overlap with those adjudicated in ***Rana Handa*** (*supra*), and the learned Single Judge was justified in relying upon the said decision while disposing of the Writ Petition. The allegations of fraud and financial irregularities involve disputed questions of fact which would require appreciation of evidence and, therefore, cannot appropriately be adjudicated in exercise of writ jurisdiction.
- 6.3. No exceptional circumstances exist warranting a direction for investigation by the CBI or an SIT. The reliefs seeking



regulatory policy directions and investigation are beyond the scope of writ jurisdiction and are not amenable to adjudication under Article 226 of the Constitution.

7. We have heard learned Counsel for the Parties and have perused the material placed on record. The dispute, in essence, has been between a set of individual customers and a private cryptocurrency exchange in relation to a cyber incident, withdrawal restrictions, and alleged fund mismanagement.

8. The controversy is, therefore, in nature of a private commercial dispute. The mere fact that a large number of investors may have been affected does not, by itself, transform the dispute into one involving enforceable public law rights. Respondent Nos. 11 to 13 are private entities, neither created, financed, nor controlled by the State or instrumentalities of the State. Further, the taxation of VDAs under the Finance Act does not render such entities 'State' within the meaning of Article 12 of the Constitution, nor does it, by itself, subject them to public law scrutiny. Hence, no case has been made out for directing an investigation by the CBI or an SIT.

9. The dispute in the present case, involving the same platform and the same Public Statement, was considered in *Rana Handa (supra)*, wherein this Court held that, in the absence of a specific regulatory statute governing such exchanges, writ jurisdiction cannot be invoked merely on the ground that a large number of investors are affected.

10. We are in complete agreement with the said view and find no reason to take a different view in the present matter. Prayer No. 4 seeks release of the Appellants' funds and lifting of withdrawal restrictions. Grant of such



relief would require a factual determination as to the amount, if any, actually standing to the credit of each individual investor, and to further examine whether the restrictions imposed after the Public Statement were in the nature of a protective measure or constituted mismanagement. These are disputed questions of fact which are not amenable to adjudication in writ proceedings.

11. Prayer No. 5 seeks compensation for losses allegedly occasioned by fraud and mismanagement on the part of Respondent Nos. 12 and 13. Adjudication of this relief would necessarily require proof of the cause of loss, determination of culpability of the persons concerned, and quantification of the amount payable, if any, to each investor. Such issues again require evidence and trial and cannot be determined summarily in exercise of jurisdiction under Article 226 of the Constitution.

12. Both the aforesaid reliefs were considered, on substantially identical facts involving the same platform and the same Public Statement, in ***Rana Handa*** (*supra*), wherein it was held that such monetary claims are required to be pursued before a Civil Court or any other competent forum. We, therefore, find no ground to distinguish the present case on facts.

13. The learned Single Judge has rightly observed in the Impugned Judgment that the Appellants are not without remedy. A collective criminal complaint already stands filed on the National Cyber Crime Portal, and remedies for recovery of funds and compensation remain available before the appropriate Civil Courts or consumer fora. The liberty granted by the learned Single Judge to pursue such remedies adequately safeguards the rights of the Appellants and does not foreclose their claims. We are,



therefore, of the view that the Appellants cannot be said to be remediless, particularly in view of the pending criminal complaint and the availability of civil and / or consumer remedies.

14. Accordingly, we find no infirmity in the Impugned Judgment, as the Appellants have failed to make out any ground to distinguish the facts in *Rana Handa* (*supra*) or to warrant issuance of a regulatory *mandamus*, or grant the prayer for release of funds / compensation in writ proceedings. Consequently, the Appeal is dismissed, and the pending Application also stands disposed of. There shall be no order as to costs.

**TEJAS KARIA, J**

**DEVENDRA KUMAR UPADHYAYA, CJ**

**JULY 2, 2026**

*N*