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

\+ ITA 656/2005

COMMISSIONER OF INCOME TAX DEL ..... Appellant
Through: Mr. Puneet Rai, Advocate

versus

M/S MAXOPP INVESTMENT LTD. ..... Respondent
Through: Mr. Vaibhav Kulkarni, Advocate

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA
HON'BLE MR. JUSTICE CHANDER SHEKHAR

O R D E R

% **18.01.2018**

This appeal by the Revenue under Section 260-A of the Income Tax Act, 1961 relates to the assessment year 1996-1997 and arises from the order of the Income Tax Appellate Tribunal in ITA No.168/Del/2000 dated 2.2.2005 in the case of M/s. Maxopp Investment Ltd.

The following substantial question of law was framed vide order dated 12.7.2006:-

> "Whether the Income Tax Appellate Tribunal was correct in law in not allocating any value to the detachable warrant enclosed to the non-convertible debentures which had entitled the assessee to have a right to subscribe to a share of the company at a discounted rate and thereby allowing a loss of Rs.l ,66,05,000/- on the sale of the debentures?"

The question of law has to be answered in favour of the assessee and against the Revenue, in view of the decisions of this Court in ***CIT v. Abhinandan Investment Ltd. [2015] 376 ITR 153***

(Delhi), ITA No. 595/2004 titled CIT v. Mohair Investment & Trad. C, decided on 22.9.2016 and ITA No.264/2005 titled CIT v. M/s Cheminvest Ltd., decided on 19.7.2017. These decisions hold that the loss on sale of non-convertible debentures with detachable warrants, which entitled the assessee to the allotment of shares, should be allowed.

Accordingly, the question of law mentioned above is answered in favour of the assessee and against the Revenue. The appeal is disposed of, with no order as to costs.

SANJIV KHANNA, J

CHANDER SHEKHAR, J

JANUARY 18, 2018
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