$~7

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

\+ ITA 203/2026

PR. COMMISSIONER OF INCOME TAX -4 .....Appellant
Through: Mr. Gaurav Gupta, SSC with Mr.Shivendra Singh, JSC, Mr. Yojit Pareek, JSC and Mr. Surya Jindal, Adv.

versus

NIDRA HOSPITALITY PVT. LTD. .....Respondent
Through: Mr. Gaurav Jain, Mr. Shubham Gupta & Ms. Varsha Sharma, Advs.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE VINOD KUMAR

<u>O R D E R</u>

% 21.04.2026

<u>CM APPL. 16589/2026</u>

1. This is an application filed by the appellant seeking condonation of 241 days' delay in re-filing the appeal.

2. For the reasons stated therein, the application is allowed and the delay of 241 days in re-filing is condoned.

3. The application is disposed of.

<u>ITA 203/2026</u>

4. By way of the present appeal filed under Section 260A of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*), the appellant-Principal Commissioner of Income Tax-4 has challenged the order dated 18.12.2024 passed by the Income Tax Appellate Tribunal, Bench 'E', New

Delhi (*hereinafter referred to as 'the Tribunal'*) whereby the Tribunal has affirmed the order dated 17.04.2023 passed by the Commissioner of Income Tax (Appeals) (*hereinafter referred to as 'CIT (A)'*).

5. The facts appertain are that a company-Nidra Holdings Pte Ltd., Singapore had purchased shares of the respondent-assessee for a consideration of Rs.6,47,79,691/- at a premium of Rs.790 per share. During the course of the assessment proceedings, the Assessing Officer made an addition of this amount under Section 68 of the Act of 1961, by observing that the said transaction is not a genuine investment but is only a paper transaction.

6. The CIT(A) allowed assessee's appeal by way of order dated 17.04.2023, after examining the transaction found the transaction to have been carried out through bank channels. He further recorded a finding that the investing company in Singapore had sufficient funds and the Assessing Officer cannot sit in the armchair of the assessee to examine the business need of the assessee so also the investor's wisdom.

7. The Tribunal affirmed the findings of the CIT (A) vide the impugned order dated 18.12.2024, against which the Income Tax Department has approached this Court in appellate jurisdiction under Section 260A of the Act of 1961.

8. Learned senior standing counsel for the appellant-Department argued that the facts on record clearly show that the Singapore company namely Nidra Holdings Pte Ltd. did not have any business and that it had taken interest-free loans from other companies.

9. Learned counsel for the respondent, on the other hand, submitted that M/s Nidra Holdings Pte Ltd., Singapore is a holding company of the

respondent-assessee and the shares were subscribed/purchased by the said company as per its business wisdom, which cannot be questioned by the Assessing Officer as per the provisions existing at the relevant time.

10. Having heard learned counsel for the parties, we are of the view that the issue before us is purely a question of fact and appreciation of evidence. We concur with the view taken by the Tribunal and the CIT (A) that the Assessing Officer cannot sit in the armchair of the assessee. Given that the investor is holding company of the respondent-assessee, there is no error in the finding recorded by the Appellate Authorities.

11. In view of the aforesaid, the appeal is dismissed.

DINESH MEHTA, J

VINOD KUMAR, J

APRIL 21, 2026
kk