

**IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI**

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND  
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 108/Ran/2019  
(Assessment Year: 2012-13)

M/s Pato Builders Pvt. Ltd., Ashok Path, Adityapur, Jamshedpur. <b>PAN No. AABCP 7453 N</b>	Vs.	A.C.I.T., Circle-2, Jamshedpur.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Sri Devesh Poddar, A.R.
Department represented by	Smt. Rinku Singh, CIT-DR
Date of hearing	11/06/2025
Date of pronouncement	11/06/2025

**ORDER**

**PER: BENCH**

1. This is an appeal filed by the assessee against the order of the learned CIT(A), Jamshedpur in appeal No. 524/JSR/2017-18 dated 14/01/2019 for the A.Y. 2012-13.
2. Shri Devesh Poddar, Id A.R. is represented on behalf of the assessee and Smt. Rinku Singh, Id. CIT-DR is represented on behalf of the revenue.
3. It was submitted by the Id. AR that the impugned assessment year is 2012-13 and there are four issues in the appeal. The first issue is in regard to the disallowance of the share application money which has been received by the assessee to an extent of ₹ 1,00,56,000/-. It was a submission that the list of share holders had been provided to the Assessing Officer which number nearly fourteen. The assessee was able to provide the information in regard to only four persons being one M/s Pato Infrastructure Ltd. which was the sister concern of the assessee, second being Shri Mukesh Kumar in respect of 15000

shares. Shri Mukesh Kumar is the Director of the assessee company. The third is Smt. Champa Devi for 11000 shares she is the mother of the Director of the assessee company and Smt. Sunita Devi for 9000 shares who is the wife of the Director of the assessee company. It was a submission that the details in regard to other nine share holders were not available with the assessee. It was a submission that the assessee was unable to provide any information nor the assessee is in position to provide any further information in regard to such share holders. It was further submitted that the assessee company is now in the process of winding up as the Director of the assessee company is having health related issues and has been under medical treatment for the past few years.

4. In reply, the Id. CIT-DR submitted that even in respect of said four persons, all required information had not been provided by the assessee.
5. We have considered the rival submissions. A perusal of the assessment order clearly shows that in respect of said above four persons, the assessee has provided substantial information to show that the assessee has received the share application money from the said four persons. Once the basic information has been provided by the assessee then in view of the decision of the Hon'ble Supreme Court in the case of CIT Vs M/s. Lovely Exports Pvt. Ltd. reported in (2008) 216 CTR 195 (SC), the Assessing Officer is at liberty to call for the details in the assessment of such persons who have made share application money. This being so, the addition made in respect of the share application money in respect of the said four persons being M/s Pato Infrastructure Ltd., Shri Mukesh Kumar, Director of the assessee company, Smt. Champa Devi, mother of the Director of the assessee company and Smt. Sunita Devi, wife of the Director of

the assessee company stands deleted. In respect of balance nine persons, as no information has been provided and the assessee has also admitted that he is not in a position to provide any further information, the addition as made by the Assessing Officer and as confirmed by the Id. CIT(A) stands confirmed.

6. The next is in regard to the unpaid VAT. It was a submission by the Id. AR Representative that the amount has been paid before the due date of foiling of the return. However, when the assessee was asked to provide the proof, the assessee submitted that he is not in position to provide any information as the details were not available with him immediately. Consequently, he prayed that he may be permitted to withdraw the said ground. The Id. AR is permitted to withdraw the said ground and consequently, the said ground is dismissed as withdrawn.
7. In respect of the third issue being the unpaid service tax also the same was similar to the issue of the unpaid VAT and the Id. AR has withdrawn the said ground. Consequently, the said ground is dismissed as withdrawn.
8. The fourth issue was the disallowance of large other expenses. It was a submission by the Id. AR that the total expenses of the assessee was ₹ 16,10,29,331/-. It is a submission that the Assessing Officer had disallowed 10% of the same. The Id. AR drew our attention to the paper book of the assessee to submit that out of the said ₹ 16,10,29,331/- nearly ₹ 12.95 crores were the contract expenses. It was a submission that in respect of contract expenses, the evidences were available in the form of TDS certificate and the bills. It was a submission that in respect of other expenses, the bills are available, however, it was submission that the assessment is very old and the

Director of the assessee company is hospitalized and even if the issue is set aside, it might take substantial time for the details we provided. It was a submission that the estimated disallowance may be reduced.

9. The Id. CIT-Departmental Representative submitted that it would also be unfeasible for the Assessing Officer to look into all these details at this point of time. It was a submission that the addition may be sustained.
10. We have considered the rival submissions. As it is noticed that the major expenses are contract payments, in the interest of justice, we are of the view that the disallowances made by the Assessing Officer by applying 10%, we reduce it to 2.5%. In the result, the Assessing Officer is directed to restrict the disallowance of the large expenses to 2.5%. In the result, the said ground is partly allowed.
11. In the result, this appeal of assessee is partly allowed.

Order announced in open court on 11th June, 2025.

Sd/-  
(RATNESH NANDAN SAHAY)  
ACCOUNTANT MEMBER

Sd/-  
(GEORGE MATHAN)  
JUDICIAL MEMBER

Ranchi, Dated: 11/06/2025

*\*Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

By order

Sr. Private Secretary, ITAT, Ranchi