

Bathina Srilakshmi v. Income Tax Officer, Ward-2, Nellore & Anr.

I.T.T.A. No. 53 of 2025

I.T.T.A. No. 53 of 2025 (AP HC, decided 06.03.2026) | 2026-03-06

Addition of Rs. 1,82,34,150 for unexplained negative cash balance as on 26.03.2014 upheld where the assessee initially claimed before the AO to have received Rs. 1.83 crore cash gifts from unnamed 'others' via self-signed vouchers and shifted stand before the CIT(A) to claim a cash gift from her late grandmother allegedly withdrawn from a Bangalore firm that never filed a return for AY 2014-15.

Income-tax Act, 1961: sections 68, 69, 69A and 260A

High Court of Andhra Pradesh | 2-judge bench (Division Bench) | R. Raghunandan Rao, J. | T.C.D. Sekhar, J.

Assessment years: 2014-15

Reserved on 17.02.2026 and pronounced/uploaded on 06.03.2026 (file prefix 20260305)

Pages 1, 2, and 7 record the pronouncement and upload date as 06.03.2026, while the source PDF filename carries the prefix 20260305.

01 FACTS OF THE CASE

Bathina Srilakshmi filed her return for AY 2014-15 declaring income of Rs. 2,48,490. During scrutiny, the AO found that while she had an opening cash balance of Rs. 2,01,83,834 on 01.03.2014, her cash payments resulted in a negative/deficit cash balance of Rs. 1,82,34,150 as on 26.03.2014. Before the AO, she filed a letter dated 05.12.2016 claiming she had received cash gifts of Rs. 1.83 crore from 'others' supported only by self-signed receipt vouchers, which the AO rejected. Before the CIT(A), Tirupati, she changed her version and claimed she had received a cash gift of Rs. 1.83 crore on 05.03.2014 (wrongly posted on 31.03.2014) from her grandmother (who died in 2016), who had allegedly withdrawn Rs. 3.5 crore from a partnership firm M/s R.R. Estates and Projects, Bangalore. On verification with Bangalore Income-tax authorities, the AO reported that M/s R.R. Estates and Projects had not filed any return of income for AY 2014-15. The CIT(A) nevertheless allowed the appeal on 28.11.2018, but the ITAT Hyderabad 'B' Bench reversed the CIT(A) on 16.05.2025 in ITA No. 83/Hyd/2019.

Source: [Pages 3-5 of 8 \(Paragraphs 2-6\) \(20260305_APHCo10484212025.pdf\)](#)

02 DISCUSSION BY THE HON'BLE COURT

The Division Bench agreed with the ITAT on two decisive counts: first, the creditworthiness and source of funds in the hands of the grandmother were wholly unsubstantiated since the alleged source firm (M/s R.R. Estates and Projects, Bangalore) had not even filed an income-tax return for AY 2014-15; and second, had the assessee genuinely received Rs. 1.83 crore in cash from her own grandmother on 05.03.2014 to cover the March 2014 cash deficit, she would have named her grandmother during the assessment proceedings rather than claiming in her letter dated 05.12.2016 that she received cash gifts from 'others' on self-signed vouchers.

Source: [Pages 5-6 of 8 \(Paragraphs 6-8\) \(20260305_APHCo10484212025.pdf\)](#)

03 JUDICIAL DECISION

Finding no ground to interfere with the order of the ITAT Hyderabad Bench dated 16.05.2025, the Andhra Pradesh High Court dismissed I.T.T.A. No. 53 of 2025.

Source: [Page 6 of 8 \(Paragraph 9\) \(20260305_APHCo10484212025.pdf\)](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue; assessee's appeal I.T.T.A. No. 53 of 2025 dismissed and addition of Rs. 1,82,34,150 for negative cash balance upheld.

Source: [Page 6 of 8 \(Paragraph 9\) \(20260305_APHCo10484212025.pdf\)](#)

05 AKHB REVIEW POINT

AKHB analysis: Attempting to explain a peak negative cash-book balance by shifting at the appellate stage from unnamed 'gifts from others' (backed by self-signed vouchers) to a single large cash gift from a deceased relative allegedly funded by a non-filing partnership firm fails both the creditworthiness limb and the human-probability / consistency test.

Source: [Full judgment PDF \(8 pp.\)](#)

SOURCE & VERIFICATION

[Original judgment PDF \(20260305_APHC010484212025.pdf\)](#)

Reviewed from the complete 8-page official High Court judgment PDF (20260305_APHC010484212025.pdf, SHA-256: ee0e9977bbb7515b572c1b94f8103e574eaa482ee3671276d47e7ee838c5ed20).

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Primary source verified page-by-page (8 physical pages, 133,556 bytes, SHA-256: ee0e9977bbb7515b572c1b94f8103e574eaa482ee3671276d47e7ee838c5ed20). Cloud Google Drive File ID: 1rKHOuh2toA_RciKnFLMeoLYFosgR-AH (https://drive.google.com/file/d/1rKHOuh2toA_RciKnFLMeoLYFosgR-AH/view).

STATUTORY SCOPE

Refers to the Income-tax Act, 1961 and allied statutory rules/circulars as applicable to the relevant assessment years.

LATER TREATMENT

Source checked 2026-10-18. No subsequent Supreme Court reversal or stay is recorded in the source judgment text.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.