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

\+ ITA 124/2019 & CM No.5547/2019

PR. COMMISSIONER OF INCOME TAX -7 ..... Appellant
Through : Mr. Ruchir Bhatia and Mr. Puneet Rai, Advs.

versus

RESURGERE MINES & MINERALS INDIA LTD. ..... Respondent
Through : Ms. Umang Luthra and Mr. Kislaya Parashar, Advs.

CORAM:
HON'BLE MR. JUSTICE S. RAVINDRA BHAT
HON'BLE MR. JUSTICE PRATEEK JALAN

O R D E R
% **05.02.2019**

The Revenue in this appeal under Section 260A of the Income Tax Act questions the order of the ITAT as erroneous in law, on the ground that it accepted the weighted average method, adopted by the assessee, to treat the valuation of its closing stock.

For the relevant assessment year (A.Y. 2008-09), the assessee had adopted, what is known as the “weighted average method”, to value its stock. When challenged, the assessee relied on India Accounting Standard 2 (India AS-2), framed by the Institute of Chartered Accounts of India. The Assessing Officer (AO) was of the opinion that adoption of this method did not lead to disclosure of the true and correct value and rejected the weighted average method. The CIT(A) rejected the assessee's appeal. However, the ITAT noticed that the valuation methodology adopted by the assessee conformed to what it has previously practiced for A.Y. 2006-07 and 2007-08 and subsequent years as well. It therefore, allowed the appeal.

This Court has considered the Revenue's contentions. The FIFO method, which the AO preferred, is one of the Accounting Standard 2 method. However, equally the weighted average method is also a recognized mode for valuing the stock. The AO's opinion that the assessee had adopted inconsistent approach was not correct, as is borne out by the table extracted in the ITAT's order. As a result, this Court is of the opinion that no substantial question of law arises in this appeal.

This appeal is accordingly dismissed.

S. RAVINDRA BHAT, J

PRATEEK JALAN, J

FEBRUARY 05, 2019

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