

Unitech Ltd. and another v. Union of India and another

Civil Appeal No. 430 of 2007

[2015] 12 SCR 992 | 2015-11-04

Chapter XX-C treatment of a development collaboration and validity of the section 269UD valuation comparison

Income-tax Act, 1961: sections 269UA, 269UC and 269UD(1) (historical Chapter XX-C)

Two-judge bench; judgment delivered by S. A. Bobde, J. | Madan B. Lokur, J. | S. A. Bobde, J.

Historical Chapter XX-C ruling

This judgment concerns the former pre-emptive-purchase regime. It is not a certificate of current statutory applicability or later citator status.

Mixed reasoning despite appellant success

The Court treated the collaboration arrangement as a transfer for Chapter XX-C, but invalidated the purchase because the valuation exercise was perverse and the comparisons were unsuitable.

01 FACTS OF THE CASE

Vidarbha Engineering held three Nagpur plots on a 30-year lease and engaged Unitech to construct a commercial complex at Unitech's cost. Unitech would retain 78 percent of the completed area and the landholder would receive 22 percent. After Form 37-I disclosed consideration of Rs.1,00,40,000, the appropriate authority alleged more than 15 percent undervaluation and ordered purchase under section 269UD.

Source: [Primary judgment: facts and statutory setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The broad Chapter XX-C definition covered an arrangement enabling enjoyment of immovable property, so the development collaboration was a transfer even though it was not a sale, exchange or lease. But the valuation exercise treated the stated land consideration as consideration for the available FSI, assumed without evidence that the landholder transferred 78 percent of the built-up area, and compared a large industrial plot with a much smaller residential plot while rejecting a same-locality comparison.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

A difference exceeding 15 percent could raise a rebuttable presumption of attempted tax evasion, but a separate express allegation or finding of evasion was not a universal sine qua non. Here the factual and comparative-valuation errors were gross, the order was perverse, and the High Court had not addressed the relevance of the competing sale instances.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeal was allowed. The Bombay High Court's order dated 20 February 2004 and the appropriate authority's section 269UD(1) order dated 29 July 1994 were set aside, with no order as to costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: in a historical Chapter XX-C development arrangement, separate the threshold question whether contractual rights enable enjoyment of property from the later valuation inquiry. A broad transfer definition does not cure a defective purchase order. The authority must identify the asset and consideration correctly, compare genuinely comparable properties and allow rebuttal of the undervaluation presumption.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 17-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 17-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Chapter XX-C and its pre-emptive-purchase provisions are historical. Verify the current statute, amendments and later judicial treatment before relying on the reasoning in another setting.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. This note reports a historical Chapter XX-C ruling from the identified primary report only.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.