

## NATIONAL LAW UNIVERSITY, JODHPUR

End Term Examination August-December – 2025

Semester: UG I

Subject: Law of Contract I

Time: Three Hours

Marks: 100

*Instructions:*

1. Answer any 5 out of 6 questions.
2. Marks have been indicated against each question.
3. Answer to the point, brevity will be appreciated.

Q.1). On 8 February 2023, various contractors, including Penten, were invited by Spartafield to tender for a proposed development in Navi Mumbai. The nature of the works was briefly described as part demolition and part new build of a three-storey roof extension to an existing five-storey building so as to provide eight private residential units and other facilities. After Penten became the preferred tenderer in May 2023, negotiations began on the contract including the specification and the scope of works. Those negotiations continued through July 2023, at which point the parties agreed and signed a letter of intent authorising works up to 85 Crores INR. Penten took possession of the site in September 2023, work began and negotiations regarding the contract terms continued. It was intended that a formal contract would be agreed between the parties 'in due course'. The parties had agreed the majority of the terms by April 2024. However, Penten did not sign the contract due to concerns it had about delays in the works and collateral warranties not being agreed. Nevertheless, the works continued but, by May 2024, there were substantial delays to the contract period. So far as the contract negotiations were concerned, only the collateral warranties were still to be agreed and a full set of contract documents was given to Penten for signing on 27 May 2024. Penten refused to sign. In March 2025, Penten advised Spartafield that its works had exceeded the agreed sum. Financial problems were starting to surface. Penten began to wind down its work and sought to rely on the letter of intent to recover its costs. Spartafield objected and argued that the letter did not constitute a contract. Examine the merits of this contention with supporting cases.

(Marks 20)

Q.2). a). James Kemball agreed to provide road haulage services for a fixed period and up to a defined maximum volume, and by which "K" Line, who specialise in container transport by sea worldwide, agreed to provide an agreed minimum volume under the Service Agreement ("SA"). James Kemball sought to terminate the "SA" when "K" Line informed them in advance that they would not be able, following a merger, to comply with the minimum volume requirement for all or most of the final period covered by the "SA". However, "K" Line would be amenable to extend the contract period and provide the pending consignment delivery within an additional six months. James Kemball alleged anticipatory breach of the "SA" by "K" Line for their prospective failure to provide the minimum agreed amount of business and notified "K" Line of their desire to rescind the contract and seek damages due to "K" Line's conduct. "K" Line approaches you for legal assistance. Advise.

b). P entered into an agreement with the Q, to take on lease a building of the Vijayanand Theatre at Jaisalmer. P agreed to repair the theatre in such a way that it would be suitable for a cinema, including electric fitting and to obtain necessary permission from the authorities within subsequently agreed

timelines. It was agreed that all the above building work should be executed by mutual consultation in due course, and during that period, P should obtain the necessary lawful permission from the Executive Engineer, the District Magistrate, the Electrical Inspector and the municipality for starting the theatre. The agreement for rent was to take effect from the date on which the theatre was duly certified. However, due to non-availability of electricity for extended period because of the war conditions between India and Pakistan, the electricity company could not give electric connection and certification. Q asked P to perform its part of the agreement within two months of execution of the lease agreement as it believed that time was of the essence in this agreement. However, on failure of P in doing so, Q sued P. P intends to challenge the contract as void in response and approaches you for legal assistance. Advise.

(Marks 10+10=20)

Q.3). Discuss the various types of injunctions provided under the Specific Relief Act, 1963.

(Marks 20)

Q.4). a). X carries on business as valuers and surveyors, undertaking inspection of quality, weighing, analysis, sampling of merchandise and commodities, cargoes, industrial products, machinery, textiles, etc. It has established a reputation and goodwill in its business by developing its own techniques for quality testing and control and possesses trade secrets in the form of these techniques and clientele. It has its head office at Kolkata and a branch at New Delhi and employs various persons as managers and in other capacities in Calcutta, New Delhi and other places. On March 27, 2022, Y was employed by the X as the Branch Manager of its New Delhi office on terms and conditions contained in the letter of appointment issued to him on the same date. Clause (10) of the terms and conditions read as follows:

*“...That you will not be permitted to join any firm of our competitors or run a business of your own in similar lines directly and/or indirectly, for a period of two years at the place of your last posting after you leave the company.”*

On November 24, 2024, X terminated Y's services with effect from December 27, 2024. Thereafter Y started his own business under the name and style of South Extension, New Delhi on lines identical with or substantially similar to that of X. On April 19, 2025, X brought a suit in the Delhi High Court claiming 20 lakhs INR as damages on account of the breach of the aforesaid negative covenant. Decide.

(Marks 10)

b). “Statement of opinion can never lead to misrepresentation in the determination of free consent in a contract.” Do you agree? Explain with the help of one relevant case law.

(Marks 10)

Q.5). “While most close family and professional relationships under common law would lead to a presumption of undue influence in seeking consent, the same logic does not hold true for the relation between a husband and a wife.” Do you agree? Justify with supporting cases.

(Marks 20)

Q.6). Critically analyse the influence of common law in the provision of unliquidated damages under the Indian Contract Act, 1872.

(Marks 20)