

PES

Modern Law College

Vidhi- Manthan 2.0

Mediation Competition Preliminary Round Problem

A Multinational Technology company, Nexus Logic Technologies Pvt. Ltd. (“Nexus Logic”) is one of India’s largest IT companies with 2,500+ employees in Bangalore. Every year it organizes a fully-paid, week-long “Thank You Trip” for its employees as part of its employee-wellness programme. It enters into contract with Northern Star Hotels Ltd. (“Hotel Company”) on 15th May 2025 who owns and operates 52 luxury resorts and city hotels across the picturesque Northern State of Shyamalaya (a fictional Himalayan state famous for its cuisine, especially the dish “Shyamlayin Chicken Arandana”).

Nexus Logic planned a 2025 “Thank You Trip” to be held from 20th to 27th September 2025 at three of the Hotel Company’s properties in Shyamalaya for the consideration of 20 Cr Rs only (exclusive of GST). It was also agreed that Nexus Logic would pay part payment of 3 Cr as earnest money on 18th June 2025. Second Installment of 7 Cr would be paid on 31st August 2025, and remaining amount of 10 Cr would be paid on 20 September 2025 (first day of arrival).

The parties further agreed that:

Clause 1: **“The agreement would be treated as frustrated, and both sides released from any further obligations, only if events such as natural calamities (including floods or landslides), a pandemic, an earthquake, or war occurred”** and

Clause 2: **“If Nexus Logic cancels the booking or does not use the services for any reason at all, the entire earnest money of Rs 3 Cr will be forfeited.”**

On **15 July 2025**, a terrorist module carried out coordinated attacks on three tourist spots in Shyamalaya. Army neutralized one terrorist; eleven escaped into the forests.

On **17 July 2025**, the Shyamalaya Government ordered a complete stop on tourism, shut the borders to non-residents, and suspended adventure and guiding services until 17 August 2025, and this restriction was subsequently lifted on 18 August 2025. As a result of the incident, there was widespread fear, and most local guides, many of whom are daily-wage earners from nearby villages, went back to their hometowns and have not come back.

The supply chain for “Shyamlayin Chicken Arandana” faced major disruptions; as a result, the Hotel Company now has to source it from other states at nearly three times the usual cost.

A survey conducted internally among employees of Nexus Logic Technologies Pvt. Ltd. revealed that 78% expressed feeling unsafe and were unwilling to travel even if the company insisted. The HR department is concerned that enforcing the trip might lead to significant employee turnover and mental health challenges. Consequently, on **20 August 2025**, Nexus Logic Technologies Pvt. Ltd. officially notified the Hotel Company of contract termination, citing force majeure and frustration of contract, and requested immediate reimbursement of the ₹3-crore earnest money by email.

On **22nd August 2025**, the Hotel Company responded by email and refused to refund the earnest money, citing Clause 2: **“If Nexus Logic cancels the booking or does not use the services for any reason at all, the entire earnest money of Rs 3 Cr will be forfeited.”**, and warned that they would forfeit the ₹3 Cr earnest money and also seek damages.

Upon receiving the Hotel Company’s response, Nexus Logic defended itself on **23rd August 2025** by citing the disruption of services due to terrorist activities and further justified terminating the contract on the grounds of frustration, emphasizing employee safety concerns. They demanded a refund of the earnest money and argued that Clause No. 2 should be disregarded as unreasonable in the context of a terrorist attack.

In response to Nexus Logic’s refusal, the Hotel Company filed a suit for specific performance of the contract under the Specific Relief Act, 1963 on **25th August 2025**, asserting that they remain ready and willing to perform their part of the contract as the restriction for tourist activity was lifted on 18 August 2025 and now it’s safe for tourism. Summons were issued and served to Nexus Logic Technologies Pvt. Ltd. on **30th August 2025**. The Suit is pending before Civil Judge Senior Division of Shyamalaya.

During the ongoing lawsuit, both parties agreed to settle their dispute amicably outside of court. Consequently, they mutually appointed a mediator, and the mediation session was scheduled for 9th January 2026 at PES Modern Law College.

[Note: Students may refer to key legislations such as the Mediation Act, 2023, the Indian Contract Act, 1872, and the Specific Relief Act, 1963 for relevant legal provisions.]