

**THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY**

**Arbitration Application No.127 of 2010**

**Date:30<sup>th</sup> August, 2011**

**Between:**

Newstoday (P) Ltd., T.V. Division,  
a company incorporated under the provisions of  
the Companies Act, 1956, having its office at  
Eenadu Complex, Somajiguda, Hyderabad, rep.  
by its authorized signatory Sri V.Nagaiah Chowdary

**...Applicant**

**A n d**

1.Mr.K.Vijay Kumar & Ors.

**...Respondents**

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**ORDER:**

This Arbitration Application has been taken out by Newstoday (P) Ltd., under sub-sections (5) and (6) of Section 11 of the Arbitration and Conciliation Act, 1996, (for short, "the Act"), seeking appointment of an arbitrator for resolution of the disputes that have arisen between the parties relatable to the training-cum-service agreement, dated 09.04.2008.

2. The applicant is a company incorporated under the Companies Act, having its registered office at Eenadu Complex, Somajiguda, Hyderabad. The applicant is engaged, *inter alia*, in the activity of collection and dissemination of news all over the world through television network etc. The 1<sup>st</sup> respondent applied to the applicant to undergo Diploma Course in Journalism in Eenadu Journalism School, Ramoji Film City, Hyderabad. The applicant Company agreed to sponsor him to impart training in the said school. The 1<sup>st</sup> respondent agreed to work as a Sub-Editor/Reporter with the applicant Company for a continuous period of 4 years, including the period of diploma course and advanced training. A training-cum-service agreement, dated 09.04.2008, came to be executed by the 1<sup>st</sup> respondent along with sureties, who have been arrayed as respondents 2 and 3 herein. As per the terms of the training-cum-service agreement, the 1<sup>st</sup> respondent agreed to compensate the applicant Company in a sum of Rs.75,000/- in the event of breach of his obligations. After completion of diploma course in Eenadu Journalism School, the 1<sup>st</sup> respondent was appointed as Trainee Sub Editor/Reporter vide letter of appointment-trainee, dated 01.06.2009, for a training period of one year. While undergoing training, the 1<sup>st</sup> respondent remained absent

continuously from 05.08.2009. The applicant Company sent letters to the 1<sup>st</sup> respondent on 18.08.2009 and 29.08.2009 advising him to report to training. Despite repeated letters, the 1<sup>st</sup> respondent failed to report for training and thereby he breached the terms and conditions of the training-cum-service agreement, dated 09.04.2008. As per Clause 18 of the agreement, dated 09.04.2008, disputes are required to be referred to the sole arbitrator. The applicant Company invoked the arbitration clause and issued a notice, dated 10.03.2010, nominating Sri K.Prakash, Advocate, 12-1-1150, Old Mallepally, Hyderabad, as arbitrator and called upon the respondents 1 to 3 to give their consent and agree for the said appointment. There being no response from the respondents, the applicant Company has moved this application seeking the prayer stated supra.

3. Notice to the respondents came to be issued on 06.09.2010. Respondents 2 and 3 despite service of notice did not choose to enter appearance either in person or through a counsel and, therefore, they came to be set *ex parte* on 28.07.2011. The 1<sup>st</sup> respondent filed counter-affidavit resisting the application.

4. It is stated in the counter-affidavit that the terms of the agreement are opposed to public policy and therefore, they are unenforceable.

5. Heard learned counsel appearing for the applicant and learned counsel appearing for the 1<sup>st</sup> respondent.

6. The 1<sup>st</sup> respondent does not dispute of his entering into the training-cum-service agreement, dated 09.04.2008, with the applicant Company. According to the 1<sup>st</sup> respondent, the training-cum-service agreement is opposed to public policy. Indisputably the 1<sup>st</sup> respondent failed to continue in service for the period stipulated in the training-cum-service agreement. Ofcourse, the 1<sup>st</sup> respondent pleads

of his ill-health for his inability to continue in service. All these pleas the 1<sup>st</sup> respondent has to take before the arbitrator. A fact remains that the disputes between the parties are required to be settled by way of arbitration as per Clause 18 of the training-cum-service agreement, dated 09.04.2008. Clause 18 of the training-cum-service agreement, dated 09.04.2008, reads as hereunder:

“In the event of any dispute (including any Industrial Dispute) or difference which may arise between parties or their representatives with regard to the construction, meaning and effect of this deed or any part thereof or their respective right and liabilities thereunder, the same shall be referred to the sole arbitration of an arbitrator to be nominated and whose award shall be final and binding on the parties. The provisions of the Arbitration and Conciliation Act, 1996 shall govern the Arbitration Proceedings.”

7. In that view of the matter, I find that the applicant made out valid ground for appointment of an arbitrator for resolution of the disputes arising out of training-cum-service agreement, dated 09.04.2008.

8. Accordingly, the Arbitration Application is allowed. Sri M.Bhaskar, Retd. District Judge, is appointed as an arbitrator for resolution of the disputes arising out of the training-cum-service agreement, dated 09.04.2008. He shall fix his own fee. No order as to costs.

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**B.SESHASAYANA REDDY, J.**

**Date:30<sup>th</sup> August, 2011.**

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THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY

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