**IN THE HIGH COURT FOR THE STATE OF TELANGANA**
**AT HYDERABAD**

**THE HONOURABLE THE ACTING CHIEF JUSTICE**
**P. SAM KOSHY**

**Arbitration Application No.71 of 2025**
CNR.No.HBHC010225312025
**and**
**Arbitration Application No.72 of 2025**
CNR.No.HBHC010225352025

**Date of order : 13.11.2026**

**Reserved on :: 31.07.2026** **Pronounced : 13.11.2026**
**Uploaded on :13.11.2026**

**BETWEEN** :

M/s.Unify Technologies Private Limited

… Applicant

and

Mr. Sudheer Sangarju

… Respondent

**COMMON ORDER :**

Since the issue in both the instant arbitration applications is one and the same, they are being decided and disposed of by this Common Order.

**2.** Arbitration Application No.71 of 2025 has been filed by the applicant under Section 11(6) of the Arbitration and Conciliation Act, 1996 praying the Court to

appoint a sole arbitrator to resolve the dispute between the applicant and respondent in terms of Clause 16 of Annexure C, Clause 15 of Annexure D and Clause 8 of Annexure E of the Engagement Letter dated 19.09.2016; and Arbitration Application No.72 of 2025 has been filed by the applicant under Section 11(6) of the Arbitration and Conciliation Act, 1996, praying the Court to appoint a Sole Arbitrator for adjudication of Arbitration between the applicant and respondent in terms of Clause 16 of Annexure C, Clause 15 of Annexure D and Clause 8 of Annexure E of the Engagement Letter dated 10.03.2016.

**3.** Heard Mr.Unnam Sravan Kumar, learned counsel representing M/s.Unnam Law Firm, for the applicant; and Ms.E.T. Manjushaa, learned counsel representing the respondent, in both the arbitration applications.

**4.** For convenience, the facts in Arbitration Application No.71 of 2025 are discussed herein.

**5.** The applicant herein is a private limited company incorporated under the Companies Act, 2013 under the name and style "M/s.UNIFY Technologies Private Limited", **(for short, 'the company')**. The applicant-company is a provider of advanced technology solutions and is specialized in software development, cybersecurity, mobile and web applications and also cloud consulting.

**6.** It is the case of applicant-company that the respondent herein worked with the applicant-company as "Associate Lead" in the year 2016 and worked for almost 8 years and later resigned on 19.02.2024 as a "Senior Manager of Engineering". During the respondent's tenure in the applicant-company, the respondent was entrusted with critical responsibilities, including development of proprietary software projects which required access to highly confidential information about the applicant-company's technologies and business strategies.

**7.** At the time of appointment / employment with the applicant-company, the respondent signed an Engagement Letter, dated 19.09.2016, included (a) Annexure -A : Salary Structure; (b) Annexure - B : Check lists of Documents; (c) Terms and Conditions of Employment; (d) Annexure - D : Employment Invention Assignment & Confidentiality Agreement; and (e) Annexure - E : Agreement for Non-Disclosure of Confidential Information. These Annexures outlined the terms of respondent's employment and imposed certain specific obligations on him to project the applicant-company's proprietary information including confidentiality obligations; that the respondent shall maintain confidentiality of all data, source-code and proprietary information of the applicant-company and the respondent is prohibited any unauthorized use, disclosure, or transfer of such information; and that interpretation and enforcement of Agreement shall be governed by the laws of

India and all disputes under the Agreement shall be governed by the provisions of the Indian Arbitration and Conciliation Act, 1996, and that the venue of arbitration shall be at Hyderabad.

**8.** It is the further case of applicant-company that when the respondent resigned from the applicant-company processed the resignations in good faith expecting the respondent to honour the terms of Engagement Letter and also to uphold the trust vested in him. However, in due course of time, the applicant-company found that the respondent along with Mr. Venkata Jayantha Kumar Meka (respondent in Arbitration Application No.72 of 2025) had co-founded a company under the name and style "REVRR Technologies Pvt. Ltd" which competed with the object and business of applicant-company in a conflicting manner. It is the case of applicant-company that it had come to knowledge of the applicant-company that the respondent had appeared on the floor of the project initiated by one of the applicant-company's locations. The applicant-company learnt that respondent had started soliciting the employees of applicant-company to join the respondent's newly found company in an unprofessional and immoral manner.

**9.** It is the further case of applicant-company that the respondent had succeeded in illegally poaching two employees of applicant-company. The said two employees eventually resigned from the applicant-company and joined the hands

with the respondent company which is a clear breach of employment terms of applicant-company. The respondent went on further and began offering services similar to those provided by the applicant-company. Therefore, the applicant-company contended that this attitude on the part of respondent was only with a mala fide intention to cause harm to the applicant-company.

**10.** The applicant-company further contended that at the time of exit of respondent and Mr. Venkata Jayanth Kumar Meka from the applicant-company, the applicant-company conducted a security check on their e-mail accounts which revealed that the respondent and Mr. Venkata Jayanth Kumar Meka had unauthorizedly transferred proprietary source codes, client information, and confidential project data from the applicant-company's systems to their personal e-mail accounts during their employment. The said conduct demonstrated that the respondents' intent was to defraud the applicant-company from association with the company.

**11.** The applicant-company further submitted that respondent by violating the confidential obligations, the respondent had gained an unfair advantage in the market by offering services which stem directly from misuse / theft of confidential information and data lawfully from the applicant-company. Therefore, the

applicant-company contended that the action of respondents had harmed the company's business prospects, client trust, and market reputation.

**12.** Aggrieved by the above illegal activities of respondent, the applicant-company issued a legal notice dated 25.04.2024 calling upon him to refrain from further perpetrating any illegal acts. Despite the said legal notice, the respondent did not desist from such illegal and criminal acts. However, the applicant-company further issued another legal notice dated 25.08.2024 to the respondent. However, the said notice was returned with an endorsement 'No such person'. Left no other choice, the applicant-company issued a notice via e-mail to the respondent, to which the respondent replied to the said notice denying the averments in the mail.

**13.** The applicant-company immediately lodged a criminal complaint before the Station House Officer, Madhapur which was registered as FIR.No.140/2025, dated 28.01.2025 and the respondent and Mr. Venkata Jayanth Kumar Meka for conspiring against the applicant-company and for the offences of criminal breach of trust, cheating, theft, defamation and wrongful loss, and also in addition to offences under Sections 43(j), 43(b), 66 and 72 of the Information Technology Act, 2000.

**14.** It is the case of the applicant-company that it had developed a comprehensive database which contained confidential information relating to details of its customers and other technical data including proprietary and confidential information; all of this proprietary and confidential information is stored on its severs / cloud; the respondents, by gaining access to the said confidential and proprietary information of the applicant-company, have stolen the same without permission; this had resulted in financial loss to the applicant-company; and therefore, the applicant-company was put in a precarious condition. Therefore, the applicant-company was constrained to approach the City Civil Court by filing a Section 9 Application before the IX Additional Chief Judge, City Civil court, at Hyderabad vide A.O.P.No.19 of 2025, and the learned Judge was pleased to grant an interim stay restraining the respondent and Mr. Venkata Jayanth Kumar Meka from using, disclosing, exploiting the applicant-company's confidential information and proprietary information and from illegal interference into the business of applicant-company and from causing wrongful loss to the applicant-company.

**15.** However, it is the specific contention of applicant-company that the respondent continues to solicit employees of applicant-company and since confidential information and proprietary information still remains with the

respondent, the applicant-company was constrained to invoke 'Arbitration' as mandated under Clause 16 of Annexure C, Clause 15 of Annexure D and Clause 8 of Annexure E of the Engagement Letter dated 19.09.2016, calling upon the respondent to express its consent to initiate arbitration proceedings to resolve the dispute pending between the parties. However, the respondent replied to the said arbitration notice dated 13.03.2025, vide reply legal notice dated 03.04.2025, by making baseless allegations that the dispute outside the scope of arbitration.

**16.** Left with no other option, the applicant-company was constrained to file the present Arbitration Application.

**17.** On 25.04.2025, notice was issued to the respondent. After a series of adjournments, the respondent filed counter-affidavit denying the averments in the Arbitration Application.

**18.** Learned counsel for the respondent submitted that no identifiable arbitrable dispute existed between the parties. According to the respondent, the employment relationship between the parties had been concluded upon his resignation, and the alleged grievances of the applicant related to events said to have occurred thereafter. It was contended that the applicant had failed to identify any subsisting

dispute arising out of, or in connection with, the Engagement Letter dated 19.09.2016, which could be referred to arbitration.

**19.** It was further submitted that the allegations made by the applicant, namely, poaching of employees, solicitation of employees, misuse of confidential information, transfer of source code and client data, and competitive business activity, were not mapped to any specific clause of the Engagement Letter or its Annexures. The applicant had not demonstrated how the alleged acts constituted a breach of the confidentiality obligations, non-disclosure obligations, or any other contractual obligation under the Engagement Letter.

**20.** We have considered the submissions of learned counsel for the parties and perused the material placed on record.

**21.** It is trite at this juncture to refer to the Arbitration clause entered into by the applicant and the respondent and the 'Letter of engagement'.

> "**Annexure-C: Terms and Conditions of Employment**
> .....
>
> 8. You agree that <u>during the term of your employment</u> with Unify, you shall not be engaged either directly or indirectly in any employment, venture or business which is directly or indirectly in competition with Unify.
>
> 9. You agree that during and upon termination of your employment, you shall not in

any manner either directly or indirectly solicit or entice the other employees or customers of Unify to join or enter into transactions, as the case may be with either you directly or indirectly or with other entities which are in direct or indirect competition with Unify.

… … …

15. You shall execute a Non-Disclosure Agreement annexed to this Employment Agreement under which you will have an obligation to keep confidential Unify's proprietary information.

16. You agree that the interpretation and enforcement of this Agreement shall be governed by the laws of India and all disputes under this Agreement shall be governed by the provisions of the Indian Arbitration and Conciliation Act, 1996. The venue for arbitration will be Hyderabad.

**Annexure-E: Agreement for Non-Disclosure of Confidential Information**

**2. Obligation of Confidentiality ::**

The Employee shall not, without the express written consent of Unify, for any reason or at any time either during and subsequent to the term of this Agreement use or disclose any Confidential Information in any manner whatsoever.

Further, in consideration of being entrusted access to Confidential Information, the Employee acknowledges and agrees:

a) that he/she is to be given access to the Confidential Information solely for purposes of Authorized Use and acknowledges and recognizes the proprietary nature of the Confidential Information and its obligation of maintaining the confidentiality of the said Confidential Information and that he/she will not use the information outside of the purposes listed in Authorized Use.

b) that he/she will not disclose Confidential Information to others except:

(i) to persons working for Unify having access in their work to the kind of information at hand;

(ii) his/her superiors;

(iii) to anyone else authorized by Unify as receiver of such information; or

(iv) to persons to whom he/she according to his/her work duties shall give such information.

(v) where ordered to do so, by any government, judicial or quasi-judicial authority; provided however, that the Employee shall in such a case give the Company a reasonable notice of any prospective disclosure and shall assist the Company in obtaining an exemption or protective order preventing such disclosure.

This undertaking under (a) and (b) above will survive the termination of his/her employment or his/her assignment for Unify.

c) that he/she will not, directly or indirectly, make use of Confidential Information other than in the course of his/her duties and work for Unify;

d) that he/she will comply with all Unify Corporate Policies and Directives and other instructions relating to Confidential Information, including, but not limited to, the requirement that certain information may not be removed from Unify's premises or may be communicated or disclosed only to a restricted internal or external group of individuals;

e) that confidential information may not be duplicated or reproduced in any manner whatsoever, except as is required for the execution of his/her duties and work for Unify; and

f) that upon learning of any wrongful use or treatment of confidential information, he/she will promptly notify his/her manager within Unify and will cooperate in full with Unify to protect such information."

**22.** The jurisdiction of this Court under Section 11 of the Act is confined to examining the existence of an arbitration agreement and whether a dispute exists which can be referred to arbitration. The Court is not required to conduct a mini-trial or to decide the merits of the allegations at this stage. However, the applicant must at least identify an existing dispute which is capable of being resolved through arbitration under the arbitration agreement.

**23.** The applicant has already pursued criminal proceedings by lodging a complaint which has been registered as FIR No.140 of 2025, and has also approached the City Civil Court under Section 9 of the Act, wherein interim orders have been granted. The applicant is now seeking to invoke arbitration in respect of the same allegations. Such an approach amounts to an attempt to change the nature of the dispute and to circumvent the remedies already pursued before other forums.

**24.** The completion and "clean release" of the employment of the respondent by the applicant further negates the applicant's case. The respondent resigned on

19.02.2024, and the applicant processed the resignation and permitted him to leave the employment. The applicant has not established that any subsisting contractual obligation survived the cessation of employment, nor has it identified any specific breach of the Engagement Letter that remains alive thereafter.

**25.** We place our reliance on the decision of the Hon'ble Supreme Court in the case of **Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd.**[1], wherein certain guidelines were laid down to assist the Courts in determining as to what matters may be arbitrable in nature. The relevant paragraphs of the said judgment are reproduced below for ready reference:

> **"19.** Where a suit is filed by one of the parties to an arbitration agreement against the other parties to the arbitration agreement, and if the defendants file an application under Section 8 stating that the parties should be referred to arbitration, the court (judicial authority) will have to decide:
> (i) whether there is an arbitration agreement among the parties;
> (ii) whether all the parties to the suit are parties to the arbitration agreement;
> (iii) whether the disputes which are the subject-matter of the suit fall within the scope of arbitration agreement;
> (iv) whether the defendant had applied under Section 8 of the Act before submitting his first statement on the substance of the dispute; and
> (v) whether the reliefs sought in the suit are those that can be adjudicated and granted in an arbitration."

[1] (2011) 5 SCC 532

**26.** The applicant has also failed to map the alleged misconduct to the confidentiality obligations, non-disclosure obligations, or any other contractual obligation contained in the Engagement Letter. The allegations of criminal breach of trust, cheating, theft, defamation, wrongful loss, and offences under the Information Technology Act, 2000, are essentially allegations of criminal and tortious misconduct. They cannot be transformed into arbitrable contractual disputes merely by invoking the arbitration clause.

**27.** Further, even assuming that the alleged conduct of the respondent fell within the scope of the non-compete obligation, such an obligation, if enforced so as to restrain the respondent from pursuing a lawful profession, trade, or business, would directly or indirectly offend Article 19(1)(g) of the Constitution of India. The right to practise any profession, or to carry on any occupation, trade, or business, is a fundamental right guaranteed under Article 19(1)(g), subject only to reasonable restrictions imposed by law. A non-compete clause which operates as an unreasonable restraint on the respondent's right to earn a livelihood, or which seeks to prevent him from engaging in a lawful business activity after cessation of employment, cannot be enforced in a manner that infringes such constitutional right. In the absence of a clear, specific, and enforceable contractual breach, the applicant cannot seek reference of vague and generalised allegations to arbitration.

The respondents have, therefore, not clearly breached any clause contained in the agreement with the applicants.

**28.** In the absence of an identifiable arbitrable dispute between the parties, and in view of failure of the applicant to map the alleged grievances to the root employment agreement, this Court is of the view that the instant Arbitration Application is devoid of merits. Accordingly, Arbitration Application No.71 of 2025 stands dismissed. As a consequence, Arbitration Application No.72 of 2025 also stands dismissed. No costs.

**29.** As a sequel, miscellaneous petitions, pending if any, shall stand closed.

**P. SAM KOSHY, ACJ**

Date : 13.11.2026
Ndr