IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.10641 OF 2026

WeWork India Management Ltd. (Formerly known as WeWork India Management Pvt. Ltd.), Mumbai, & Anr. .... Petitioners

Vs.

M/s KGA Investments & Anr. .... Respondents

Mr. J.P. Sen, Senior Advocate a/w Ms. Neha Naik and Ms. Sanaea Lakar i/by Phoenix Legal for Petitioners.

Mr. Prateek Sekseria, Senior Advocate a/w Ms. A.S. Pal, Janmesh Vora i/b Mehta & Padamsey for Respondent No.1.

CORAM : ARUN R. PEDNEKER, J.
DATE : 18th August 2026

P.C. :

1. By the present Writ Petition, the Petitioners challenge the Order dated 27th April 2026 passed by the learned Appellate Bench of the Small Causes Court, Mumbai (Bandra Branch), in Revision Application No.78 of 2025, whereby the learned Appellate Bench partly allowed the Application, Exhibit-58, seeking a direction to deposit the license fee in respect of Licensed Area-2, and thereby set aside the Order passed by the learned

Small Causes Court, Bandra, Mumbai. The said Application, Exhibit-58, was partly allowed in terms of prayer clause (a) thereof, which is reproduced hereunder:

> "(a) pending the hearing and final disposal of the suit, the Defendant No.1 be ordered and directed to pay the arrears of license fees and other charges in respect of Licensed Area-2 from March 2022 being a sum of Rs. 7,14,79,017/- (Rupees Seven crores fourteen lakhs seventy nine thousand and seventeen only) being the license fees for Licensed Area- 2 from March 2022 till July 2024 and as per Exhibit AC annexed to the Plaint;"

It is further directed that Defendant No.1 to deposit the amount claimed in prayer clause (a) within a period of three months from the date of the order, i.e., 27th April 2026.

2. The facts giving rise to the Writ Petition, in brief are :

The Respondent No.1 entered into a Leave and License Agreement, under which two areas of the building were defined: (i) Licensed Area-1, comprising the ground floor to the 8th floor; and (ii) Licensed Area-2, comprising the 9th floor and terrace.

The license in respect of Licensed Area-1 commenced on 7th April 2019, whereas the license in respect of Licensed Area-2 was to commence upon receipt of the Full Occupancy Certificate of 9th floor and terrace.

In respect of Licensed Area-1, the agreed security deposit equivalent to 2½ months' license fee was deposited, amounting to Rs. 7,00,47,075/-. However, in respect of Licensed Area-2, although a security deposit of Rs. 48,47,587.50/- was required to be deposited, the Respondent No.1 failed and neglected to deposit the said amount after the Licensed Area-2 became available for occupation.

There are disputes *inter se* between the parties. It is stated that the Petitioners only used the ground floor up to the 6th floor and, when the 9th floor and terrace were offered, they did not pay the security deposit or the rentals. As regards Licensed Area-1, disputes are pending before the Courts also. As regards Licensed Area-2, independent proceedings have been initiated and are pending consideration. The present proceedings arise in respect of Licensed Area-2.

3. The learned Counsel for the Petitioners relied upon various clauses of the agreement and submitted that the security deposit of approximately ₹7.00 Crores paid in respect of Licensed Area-1 ought to have been adjusted towards the rentals payable for Licensed Area-2. The said submission was accepted by the learned Trial Court. However, the learned Appellate Court reversed the judgment of the learned Trial Court, giving rise to the filing of the present Petition.

4. Learned counsel submits that, Clause No. 6, relating to the security deposit is relevant to the present dispute. It is submitted that Rs. 7.00 crores has been deposited towards security deposit for Licensed Area-1 and that, within 7 days of intimation in accordance with Clause 3.8, the Petitioner was required to deposit Rs.48.00 lakhs towards security deposit of Licensed Area-2, and the same is to constitute part of the security deposit. The Licensor shall, in terms of Clause 6.3, upon expiry or earlier termination of the Agreement, subject to deductions towards Licence Fees, electricity charges, utilities and any other charges, taxes, amounts, if any, together with interest thereon, if any, or any other amounts due and payable by the Licensee hereunder, refund the security deposit upon delivery by the Licensee of vacant charge of the premises to the Licensor in the manner provided.

5. Learned counsel submitted that the entire premises comprising Licensed Area-1 and Licensed Area-2, undisputedly, have been surrendered. It was further submitted that a sum of approximately ₹7.00 crores, pertaining to Licensed Area-1, is lying with the landlord by way of security deposit and, in terms of Clause 6.3 of the agreement, the said amount ought to have been adjusted towards the license fees payable in respect of Licensed Area-2. It was, therefore, contended that the Revisional Court committed a

jurisdictional error in reversing the judgment of the Trial Court.

6. *Per contra*, learned counsel for the Respondents submits that, in terms of Clause 6.1, the security deposit is available for Licensed Area-1 and that there are substantial outstanding amounts of more than Rs. 30.00 crores qua Licensed Area-2. He has also given a chart indicating that the total outstanding amount is Rs. 58,70,59,000/- towards Licensed Area-1. It is submitted that the litigation is pending in respect of Licensed Area-1 and that the security deposit has to be adjusted against the dues relating to Licensed Area-1. It is also submitted that Clause 6.1 clearly indicates that the security deposit is equivalent to up to 2.5 months' license fees for Licensed Area-1.

7. Relevant clauses i.e. 1.1(k), 1.1(p), 1.1(q), 1.1(r), 1.1(t), 3.1, 3.8, 5.3 and 5.4 of the Licensed Agreement dated 17th May 2019 (read with the Rectification Deed dated 30th September 2019), are reproduced below :

> **Clause 1.1 (k)** :
>
> "Full Occupancy Certificate means the occupancy certificate to be issued by the Government Authority with respect of Licensed Area 2"
>
> **Clause 1.1(p)**
>
> "Licensed Area 1 " shall mean the area comprised of ground to the 8th floor of the Building admeasuring 2,66,846 (Two Lakh Sixty-six Thousand Eight Hundred And Forty-six) square feet of Gross Licensable Area, more fully described in Schedule B:"

Clause 1.1(q)

"Licensed Area 2" shall mean area comprised of 9th floor of the Building along with the terrace of the Building admeasuring 18,467 (Eighteen Thousand Four Hundred and Sixty Seven) square feet of Gross Licensable Area, more fully described in Schedule B."

Clause 1.1(r)

"License Commencement Date shall mean April 7, 2019"

Clause 1.1(t)

"License Fee Commencement Date shall mean February 7, 2020"

Clause 3.1

"Subject to the terms and conditions stated herein, the Licensor shall deliver charge of the Licensed Area to the Licensee on the License Commencement Date, with the specifications as listed out in Appendix A-1 completed"

Clause 3.8

"The Licensor has informed the Licensee that the Licensor shall endeavor to obtain, at its sole cost, the Full Occupation Certificate in respect of Licensed Area 2. The Licensor shall intimate the Licensee immediately on receipt of the Full Occupancy Certificate (and send a copy of the same to the Licensee). On and from the Execution Dare, and no person (other than the Licensee) shall be permitted to access the Licensed Area 2 without the Licensee's prior written permission, provided that the Licensee shall not be entitled to user the Licensed Area 2 until the Full Occupancy Certificate is obtained. The Licensor's ...illegible.. to the Licensed Area 2 shall be subject to the terms of this Agreement."

Clause 5.3

“With respect to the Licensed Area 1, the Licensee shall commence payment of the License Fee from the License Fee Commencement Date as per the details set out in Annexure 3”

Clause 5.4

"With respect to the Licensed Area 2 and subject to Clause 5.2 above, the Licensee shall commence payment of the License Fee from the date of intimation by the Licensor upon receipt of Full Occupancy Certificate.”

8. Clause 6.1, 6.2 and 6.3 are reproduced hereunder :

“Clause 6.1

"Simultaneous with the execution of this Agreement, the Licensee has paid to the Licensor a sum of Rs.7,00,47,075 (Rupees Seven Crores Forty-Seven Thousand and Seventy Five only), equivalent to 2.5 months' License Fees as and by way of an interest-free refundable security deposit in respect of the Licensed Area 1 ("Security Deposit 1"), the receipt whereof is hereby acknowledged by the Licensor. The Security Deposit 1 has been paid in the following manner.

(a) Rs. 1,40,09,415/- (Rupees One Crore Forty Lakh None Thousand Four Hundred and Fifteen only) has been paid on March 6, 2019 against the execution of a Heads of Terms dated February 18, 2019;

(b) The balance amount of Rs.5,60,37,660/- (Rupees Five Crore Sixty Lakh Thirty Seven Thousand Six Hundred and Sixty only) has been paid prior to/ simultaneous with the execution of this Agreement."

Clause 6.2

"Within 7 (seven) days of intimation in accordance with Clause 3.8 above, the Licensee shall pay to the Licensor, a sum of Rs,48,47,587.50 (Rupees Forty Eight Lakhs Forty Seven Thousand Five Hundred and Eighty Seven and Fifty Paise only) as and by way of an interest free security deposit in respect of the Licensed Area 2 ("Security Deposit 2"). The aggregate of Security Deposit 1 and Security Deposit 2 shall constitute the security deposit ("**Security Deposit**")."

Clause 6.3

"The Licensor shall, upon expiry or earlier termination of this Agreement, **subject to deduction towards License Fees**. electricity charges, utility and any other charges, taxes, amounts, if any (together with interest thereon, if any) or any other amounts due and payable by the Licensee hereunder, refund the Security Deposit upon delivery by the Licensee of vacant charge of the Premises to the Licensor in the manner set out hereunder."

(emphasis supplied)

9. Considering the submissions and having perused Clauses 6.1, 6.2 and 6.3, I find that the adjustment of the security deposit pertaining to Licensed Area-1 cannot be made towards the license fees payable for Licensed Area-2. There are substantial outstanding demands in respect of Licensed Area-1, and the landlord is holding a security deposit of Rs. 7.00 crores towards Licensed Area-1. Permitting adjustment of security deposit of Licensed

Area-1 towards the rental of Licensed Area-2 would deprive the landlord of the security available against the outstanding liabilities relating to Licensed Area-1.

10. Thus, I find no error in the reasoning given by the learned Appellate Court that the license fees and the security deposit towards Licensed Area-1 cannot be adjusted towards the license fees for Licensed Area-2. The writ petition is accordingly dismissed.

BHALCHANDRA GOPAL DUSANE

Digitally signed by BHALCHANDRA GOPAL DUSANE
Date: 2026.08.25 18:59:32 +0530

[ARUN R. PEDNEKER, J.]