IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.17
CP No.56/BB/2026

IN THE MATTER OF:

Karnation Fund l	…	Petitioner
Vs		
Gigu Hospitality Pvt Ltd	…	Respondent

Petition under Section 71 (10) of Companies Act, 2013

Order delivered on:22.10.2026

CORAM:

SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For Petitioner : Ms. Shivani Murthy

ORDER

Company Petition is allowed vide separate order. File be consigned to record room.

Sd/-	**Sd/-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

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IN THE NATIONAL COMPANY LAW TRIBUNAL,

BENGALURU BENCH

C.P. No. 56/BB/2026

(Application under Section 71(10) and 71(11)
of the Companies Act, 2013
Read with Rule 73 and 11 of the NCLT Rules, 2016)

IN THE MATTER OF:

Karnation Fund-I,
A Trust settled under the Trust Act, 1882,
Having its registered office at:
X1002 Tower 1, Adarsh Palm Retreat,
Outer Ring Road, Bangalore- 560103,
Represented by its Authorised signatory,
Mr. Anurakt Jain …**Petitioner/Applicant**

And

Gigu Hospitality Private Limited,
A company incorporated under the
Companies Act, 1956
Having its Registered office at:
678, 6th A Cross Road, 1st Floor,
Koramangala 3 Block, Bangalore – 560034. **...Respondent**

Order delivered on:22.10.2026

Coram:

1. **Hon'ble Shri Sunil Kumar Aggarwal, Member (Judicial)**
2. **Hon'ble Shri Radhakrishna Sreepada, Member (Technical)**

COUNSELS PRESENT:

For the Petitioner : Ms. Shivani P Murthy
For the Respondent : None

O R D E R

1. This Petition has been filed by the **Karnation Fund-I** (hereinafter referred to as the 'Petitioner') on 20.04.2026 under Section 71(10) and 71(11) of the Companies Act, 2013 seeking following reliefs:

   I. *Direct the Issuer Company to pay an amount INR 2,86,66,113/-(Rupees Two Crore Eighty Six Lakh Sixty Six Thousand One Hundred Thirteen Only) towards redemption of the debentures issued under the DSA;*

   II. *Direct the Issuer Company to pay an amount of INR 1,25,72,916/- (Rupees One Crore Twenty Five Seventy Two Thousand Nine Hundred Sixteen Only) towards penal interest calculated on the Outstanding Amount till date of Application: (Total Claim Amount of the Petitioner: INR 4,12,39,029/- (Rupees Four Crore Twelve lakh Thirty Nine Thousand Twenty Nine Only)*

   III. *Direct the Issuer Company to pay penal interest at 0.1% per day until actual date of payment;*

   IV. *Any other orders be passed that the Tribunal deems fit in the circumstances of the case.*

2. **Submissions of the Applicant**:

   The facts of the case mentioned in the Application are :

   a. The Petitioner herein is a Trust settled according to and under the provisions of the Indian Trust Act, 1882. Karnation Fund I is the scheme started by the Trust Karnation and is also Debenture Holder in the present matter and an alternative investment fund registered with the Securities Exchange Board of India (SEBI).

   b. The Issuer Company, Gigu Hospitality Private Limiter (respondent) working under the brand name "Gilly's Resto Bar" is engaged in the hospitality business of operating restaurants and bars under the name Gilly's Resto Bar, Gilly's 104, Gilly's Super Bar, Zodiac, Fandom, lazy Turtle and has multiple outlets across Bengaluru.

c. The issuer company was desirous of expanding its business and required capital for the same and thus approached the Debenture Holder for a credit facility amounting to INR 3,00,00,000/- (Rupees Three Crore Only). Accordingly, the Debenture Holder agreed, and the issuer Company, the Debenture Holder, and the Executive Director of the issuer Company viz., Mr. Gurupreet Bali and Mr. Gilbert Soman entered into a Debenture Subscription Agreement dated 28.11.2024 (DSA). The Issuer Company thus issued 1200 (One Thousand Two Hundred) unsecured, unrated, redeemable, transferable, unlisted Non-Convertible Debentures having face value of INR 25,000/- each, aggregating to INR 3,00,00,000/-.

d. The term of the debentures was 12 months with a 5-day reconciliation period, carrying an interest/ coupon rate of 10.9 % of the Debenture Subscription Amount, repayable daily as per the repayment Schedule mentioned in point 10 of the Schedule 4 of the DSA. The maturity date of the debenture was 04.12.2025.

e. Despite multiple reminders, the Issuer Company failed to issue a registered debenture certificate in respect of the debentures issued under the DSA.

f. The issuer company failed to make payments towards repayments since inception and has not paid a single instalment in its entirety as per the repayment schedule. Klub Works Private limited, the Service provider appointed by the Debenture Holder, approached the Issuer Company initially requested time for repayments under various pretexts. The last payment made by the Issuer Company towards repayment was in March 2026. The service provider, on behalf of the debenture holder, sent numerous reminders, to which the issuer company kept requesting extensions, thus acknowledging the outstanding liability.

g. The petitioner issued event of default dated 08.08.2025 to the issuer company, calling upon the respondent/ issuer company to make payments towards the outstanding amount, the respondent

again failed to make payment. The Debenture Holder, through its service provider, promptly issued a loan recall notice dated 19.08.2025, after multiple reminders and issuance of the aforesaid notice, the issuer company made payments towards the August and September 2025 dues. The issuer Company has intentionally and wilfully avoided its liabilities arising out of the DSA.

h. The present application is filed under section 71(10) of the Companies Act, 2013, read with Rules 73 and 11 of the National Company Law Tribunal Rules, 2016, before this Tribunal. The debenture holder/ petitioner has approached this authority seeking directions against the Issuer Company for redeeming the debentures by paying the outstanding amount along with accrued interest and penal charges of INR 4,12,39,029/-.

i. It is submitted that the issuer company has its registered office in Bengaluru and is registered with the ROC, Bengaluru. Thus this Tribunal has the Jurisdiction to entertain the present application.

j. The Details of the Debentures are

Debenture subscription amount INR 3,00,00,000/-.
Debenture term: 12 months and 5 days
Interest payable @ 10.9% with maturity date on 04.12.2025 Maturity amount to Rs. 3,32,70,000/-,
Total amount repaid INR 46,03,887/-,

Total amount due is Rs. 4,12,39,029/-.

k. The issuer company and the Debenture Trustee Executed a Debenture Trust deed dated 28.11.2024 by way of which MITCOM Credentia Trusteeship Services limited was appointed as the Debenture Trustee. The issuer company, debenture holder and debenture trustee executed a deed of hypothecation on 28.11.2024 by way of which the Issuer Company has hypothecated the Intellectual Property, Trade receivables and Tangible Assets by way of creating a charge to secure the obligations arising out of the DSA. The charge on the hypothecated assets has been registered with

the Ministry of Corporate Affairs on 28.11.2021 bearing Charge ID 101107543. Proof of charge registration reflects in the master date of the issuer company.

l. The conduct of the issuer company shows that is lacks the intention of repaying the debt and redeeming the debentures.

3. Despite the Notice of the petition was served through its directors, no reply nor objections were filed by the respondent, hence it the respondent was placed ex-parte on 17.08.2026. None appeared for the hearings also.

4. Heard Learned Counsel for the Petitioner and perused the available records and the legal provisions.

5. **Analysis**:

5.1. The facts as mentioned in the Application are:

a. the issuer Company, the Debenture Holder, and the Executive Director of the issuer Company entered into a Debenture Subscription Agreement dated 28.11.2024.

b. The Applicant applied for Debenture of Value Rs 3,00,00,000/-.

c. The Details of the Debentures are

Debenture subscription amount INR 3,00,00,000/-.

Debenture term: 12 months and 5 days

Interest payable @ 10.9% with maturity date on 04.12.2025 Maturity amount to Rs. 3,32,70,000/-,

Total amount repaid INR 46,03,887/-,

Total amount due is Rs. 4,12,39,029/-.

d. Despite making continuous efforts and issuing a loan recall notice dated 19.08.2025 the issuer company has not redeemed the Debentures.

5.2. Section 71(10) of the Companies Act, 2013 provides that

"Where a company fails to redeem the debentures on the date of their maturity or fails to pay interest on the debentures when it is due, the Tribunal may, on the application of any or all of

the debenture-holders, or debenture trustee and, after hearing the parties concerned, direct, by order, the company to redeem the debentures forthwith on payment of principal and interest due thereon."

6. **Decision**:

In the Present Case, We are satisfied that the conditions mentioned in Section 71(10) are satisfied. Hence, We direct the Respondent to Redeem the Debentures issued to the Applicant forthwith by paying the Principal amount and Interest due there on within a period of Four weeks from the date of receipt of this Order.

7. In view of the above, the **CP in 56 of 2026 is Allowed**.

Sd/-	**Sd/-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**