LEGAL NOTICE FOR REFUND OF SHARE APPLICATION MONEY

Private placement / preferential allotment — non-allotment or failure to refund

IMPORTANT SCOPE NOTE: This template is primarily for share application money paid under a private placement / preferential allotment governed by Section 42 of the Companies Act, 2013. It is not an IPO / public-issue ASBA refund form. For a public issue, use the registrar, SCSB / bank, merchant banker and SEBI investor-grievance route as applicable.

[On Advocate's Letterhead]

Date: [DD Month YYYY] Notice Ref.: [●]

By: RPAD / Speed Post / acknowledged hand delivery / official email (retain proof of service)

To:
The Board of Directors / Managing Director
[Company's full legal name]
CIN: [●]
Registered Office: [full address as per MCA records]

Copy to: Company Secretary / Compliance Officer / Chief Financial Officer / Registrar and Transfer Agent (if applicable)

Subject: Demand for refund of share application money of Rs. [amount] with applicable statutory interest under Section 42(6) of the Companies Act, 2013

Sir/Madam,

1. That I act for and on behalf of [Investor's full name], residing / having its registered office at [address] (hereinafter "my Client"). My Client is an identified person / subscriber under the company's private placement / preferential allotment offer dated [date] relating to [class and number of securities proposed].

2. That pursuant to the offer and application documents, my Client remitted share application money of Rs. [amount] on [date] through [bank / UTR / cheque / transfer details] to the account designated by the Company. Copies of the application, offer letter (Form PAS-4, if applicable), payment proof and related correspondence are enclosed.

3. That the Company was required to complete allotment in accordance with the Companies Act, 2013, the applicable rules, the offer terms and the relevant board / shareholder approvals. The securities have not been allotted to my Client within the applicable period / the proposed allotment was withdrawn, cancelled or otherwise did not materialise. The relevant facts are: [set out dates, resolutions, communications and status of allotment precisely; avoid unsupported allegations].

4. That Section 42(6) of the Companies Act, 2013 provides, for a private placement covered by that provision, that securities are to be allotted within sixty days from receipt of application money. If allotment is not made within that period, the application money is to be repaid within fifteen days thereafter; failure attracts interest at twelve per cent per annum from expiry of the sixtieth day. The application money is also subject to the statutory separate-account and restricted-use requirements. The applicability and computation must be read with the actual offer structure and facts.

5. That the National Company Law Appellate Tribunal in *Kushan Mitra v. Amit Goel & Anr.*, Company Appeal (AT) (Insolvency) No. 128 of 2021, decided on 16 December 2021, considered non-refund of share application money under Section 42(6), including the statutory interest and the treatment of the amount as financial debt on the facts before it. My Client relies on the decision only to the extent applicable; it does not mean every refund dispute automatically qualifies for insolvency proceedings.

6. That despite [demand / reminders / expiry of the statutory period] on [dates], the Company has failed to refund the amount. My Client therefore calls upon the Company to:

(a) refund the principal share application money of Rs. [amount] to the original remitting bank account / verified account details;
(b) pay statutory interest at 12% per annum under Section 42(6), if applicable, computed from [date of expiry of 60 days] until actual repayment, presently quantified at Rs. [amount] up to [date], subject to further accrual;
(c) provide a written statement of the offer, allotment / cancellation status, relevant board resolutions, filing details and the basis on which the money has been retained or adjusted;
(d) confirm that the application money has been held and dealt with in accordance with the statutory separate-account restrictions, and provide relevant records to the extent lawfully available; and
(e) remit the amount and provide a reasoned written response within fifteen days of receipt of this notice.

7. That the present demand is based on the following computation: principal Rs. [●]; statutory interest at 12% p.a. from [date] to [date] Rs. [●]; total as on [date] Rs. [●]. Interest continues to accrue, where legally applicable, until payment. Attach a calculation sheet and verify the exact trigger date before service.

8. That if the Company disputes the claim, it is called upon to identify the precise contractual and statutory basis for such dispute, provide supporting records and propose a lawful resolution. My Client does not waive any right to challenge an allotment cancellation, misapplication of funds, contravention of the private-placement process or any other actionable conduct, subject to the facts and applicable forum.

9. That in the event of non-compliance, my Client reserves the right to pursue appropriate remedies before the competent forum, including civil recovery, company-law remedies before the National Company Law Tribunal where maintainable, regulatory complaints, or insolvency proceedings only if the statutory requirements, default and threshold are independently satisfied. This notice does not represent that the IBC is a general debt-recovery mechanism.

10. That this notice is issued without prejudice to all rights, claims, remedies and contentions of my Client, including the right to update the amount claimed and rely on additional records.

Yours faithfully,

[Advocate Name]
[Enrollment No.]
[Office Address / Email / Phone]

Suggested Annexures

No.	Document
A	Private placement offer / application (Form PAS-4), if applicable; offer terms
B	Bank statement, UTR / cheque proof and company acknowledgement
C	Board / shareholder resolutions, allotment or cancellation communications, PAS-3 / PAS-5 records if available
D	Demand emails / letters, replies and proof of service
E	Interest calculation sheet and investor identity / bank account proof

Pre-issue checklist (remove before serving)

• Verify whether the payment was under private placement / preferential allotment, rights issue, IPO/public issue, or a separate loan / investment agreement. The remedy and timeline differ.

• For Section 42(6), calculate the 60-day allotment period from the date of receipt of application money, then the 15-day refund window, and verify the actual dates and any applicable statutory exceptions.

• Confirm the exact company name, CIN and registered office from current MCA records. Address the notice to the company and appropriate officers without asserting personal liability unless legally supported.

• Check whether securities were allotted, the allotment was later cancelled, or the transaction was a conversion of an existing loan / dues into equity. These facts can materially affect the claim.

• For IPO / public issue applications through ASBA or UPI, funds are generally blocked in the investor's bank account; follow the SEBI ICDR / master circular process and complain to the SCSB / registrar / merchant banker as applicable. Do not use this template as an IPO refund form.

• Check limitation immediately. A legal notice does not by itself extend limitation. Determine the applicable Schedule article, cause-of-action date, acknowledgments and any arbitration clause.

• Do not threaten criminal action or IBC proceedings as routine collection tools. Use only remedies supported by the facts and statutory requirements.

Important: This is a general drafting aid, not a substitute for checking the offer documents, allotment records, current law and limitation. Adapt the notice to the transaction and forum before service.