

OPTION B

Convertible Note

"I believe in the SPF trajectory and want to be an early equity holder if this takes off."

Overview

This Convertible Note provides investors with current income via a fixed 10% annual coupon plus the option to convert into equity at a 10% discount to the pre-money valuation of the next institutional priced round. There is no valuation floor — the discount applies to whatever valuation the next round establishes. If no priced round occurs, the note matures as debt with full principal protection at enhanced returns based on investment quantum.

Key Terms

Term	Details
Instrument	Convertible Debt Note
Issuer	Solarpunk Futures Private Limited
Coupon	10% per annum (fixed)
Tenure	36 months
Conversion Right	At investor's option, converts to equity at 10% discount to pre-money valuation of the next institutional priced round
Conversion Trigger	Next priced equity round by institutional investor
Valuation Floor	None
Minimum Investment	Rs.10 Lakhs (close circle) Rs.25–50 Lakhs (standard)
Documentation	Formal convertible note agreement executed by both parties
Reporting	Quarterly updates on project progress, financials, and any fundraising developments

If No Priced Round — Repayment Structure

Investment Amount	Repayment IRR

Rs.10–50 Lakhs	16.5%
Rs.50 Lakhs – Rs.1 Crore	18%
Rs.1 Crore+	19.5%

Conversion Mechanics

Upon the occurrence of a qualifying priced equity round, note holders may elect to convert their outstanding principal (plus any accrued and unpaid interest) into equity shares at a 10% discount to the pre-money valuation per share established in the priced round. This conversion is at the investor's sole option — they may alternatively choose to retain the note as debt and receive repayment at maturity.

Downside Protection

If no qualifying priced round occurs during the 36-month tenure, the note matures as a debt instrument. Principal is repaid in full at the enhanced IRR based on investment quantum (16.5% to 19.5%). The investor retains full downside protection regardless of whether conversion occurs.

Why This Matters

Founding Circle investors who choose Option B are securing terms that will never be available to institutional investors. The 10% discount to the pre-money valuation of a future priced round, combined with the 10% annual coupon and enhanced downside protection, creates an asymmetric risk-reward profile that rewards early conviction.

Risk Factors

This instrument carries both debt and equity risks. As debt: repayment depends on SPF's financial health. As equity (if converted): value depends on company performance post-conversion. Key risks include construction delays, regulatory changes, market conditions, and execution risk. Investors should conduct their own due diligence.

ACCEPTANCE

Investor Name: _____

Date: _____

Signature: _____

Investment Amount (Rs.): _____

For Solarpunk Futures Pvt Ltd:

Name: Akshay Tandon

Designation: Founder Signature: _____

This term sheet is for discussion purposes only and does not constitute a binding legal agreement. Final terms will be documented in a definitive legal agreement to be executed by both parties. Prospective investors should consult their own legal and financial advisors. This document is confidential and intended solely for the named recipient.