Annexure II

Risk Factors

INTERNAL RISK FACTORS

1. Our Company is dependent on and derives a substantial portion of our revenue from a limited number of customers and over-dependence on one or some of the customers may expose us to liquidity risks, which may adversely affect our business, results of operations and financial condition.

2. We require sizeable amounts of working capital for our continued operation and growth. Our inability to meet our working capital requirements could have a material adverse effect on our business, results of operations and financial condition.

3. We have, and continue to, bid for various tenders with Government customers. There can be no assurance that even if we are the lowest bidder (L-1), the projects will be awarded to us or that the projects for which we have obtained purchase orders or advance work orders will be converted into confirmed orders or that we will actually realize revenues from any such projects.

4. We may be unable to accurately estimate costs under fixed-price EPC contracts, fail to maintain the quality and performance guarantees under our EPC contracts and we may experience delays in executing our EPC contracts in a timely manner, which may increase our construction costs and working capital requirements, and may have a material adverse effect on our financial condition, cash flow and results of operations.

5. We are dependent on the award of EPC and O&M contracts, which are subject to cancellation and changes in the scope of services and, therefore, our Order Book is not necessarily indicative of our future revenues or profit. It may result in disputes or contractual penalties due to cost overruns, delays in delivery, or failures to meet contract specifications or delivery schedules, which may adversely affect our business, results of operations and financial condition.

6. We operate in a competitive environment and may not be able to effectively compete with similar companies, which could have a material adverse effect on our business, results of operations and financial condition.

7. Our agreements with telecom tower operators for O&M contracts have clauses/covenants that could adversely affect our business and financial condition. We may be liable for penalties and other liabilities under our O&M services contracts in case of any deficiencies in the services provided by us, which may adversely affect our business prospects, results of operations, financial condition and cash flows.

8. Some of our loan agreements contain restrictive covenants which may adversely affect our business, results of operations and financial condition.

9. If we are unable to collect our dues and receivables from our customers in accordance with the terms and conditions of the contracts and the delivery and payment schedules, our business, results of operations or financial condition could be materially and adversely affected.

10. Our business is dependent on our manufacturing facilities, and the loss or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, results of operations and financial condition.

EXTERNAL RISK FACTORS

11. Global and Domestic economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price. Political, economic, regulatory or other factors that are beyond our control may have an adverse effect on our business and results of operations.

12. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse impact on our business, financial condition, and results of operations.

13. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and

the market price of our Equity Shares may decline below the Issue Price and you may not be able to sell your Equity Shares at or above the Issue Price.

14. Natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.

15. We may require further equity issuance, which will lead to dilution of equity and may affect the market price of our Equity Shares or seek additional funds through incurring debt to satisfy our capital needs, which we may not be able to procure..

For, Bondada Engineering Limited

Sonia Bidlan
Digitally signed by Sonia Bidlan
Date: 2025.01.20 13:25:50 +05'30'

Sonia Bidlan
CS & Compliance Officer

Date: 17 January, 2025
Place: Hyderabad