



Dear Shareholder,

As a Company, the year 2004-05 has been a landmark year in the history of the Company. The Company has completed its process of financial turnaround and has achieved a record turnover of Rs. 650 Crores (Growth 29%) along with an operating profit of Rs. 22.6 Crores. This is an improvement of 350% against the Rs. 5 Crores operating profit made in 2003-04. I am sure that you are happy with the performance of your Company. In my communication last year, I had mentioned that we have put a smile on the face of our stakeholders. I am sure that the smile is wider this year! The share price of the Company had crossed the Rs. 360 mark as against the Rights Issue price of Rs. 25/- per share and the dividend is also proposed to be increased from 10% to 30%. The cover page of this Annual Report signifies the Company having done things right in the year gone by and being on the right path.

The year 2003-04 was the year of "War for Profits" and we turned around and made a nominal operating profit. Last year, we took up the theme of "Faster, Higher, Stronger" and consolidated our operations while achieving record sales growth and profits. For the future, we have taken up the theme of "Odyssey 1001", focusing on our objective of becoming a Rs. 1001 Crores Company in the next couple of years.

Our Business Units – Engineering & Projects, Luminaires, Appliances, Fans and Lighting – have put into place appropriate strategies for strengthening the Company in terms of its distribution, new product introduction, strategic sourcing, manufacturing, advertising, etc. Our Ranjangaon unit has turned around and has become profitable. Our Highmast and Transmission Line Towers business has grown tremendously and we have an order book of around Rs. 130 Crores. We have gained market share across our SBUs and have strengthened our Brand in the marketplace.

We have continued our China sourcing strategy. We have also moved most of our vendors for Appliances and Fans to Himachal Pradesh where we get some Excise Duty benefits. The market demand for consumer durables as also for our Power Transmission Towers and Luminaires remain positive and we hope to benefit from the improvement in demand conditions in both urban and rural markets.

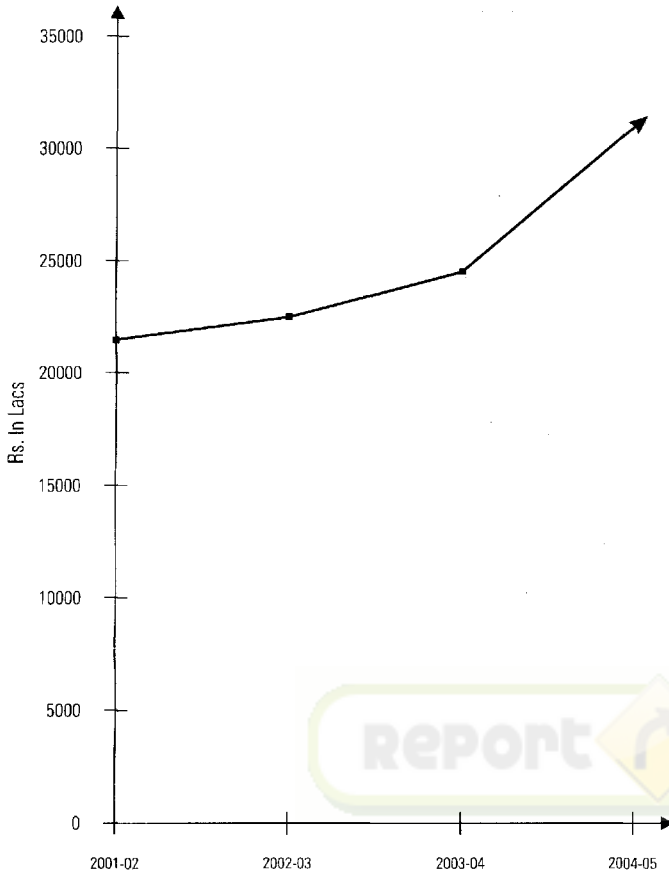
I would like to thank all our stakeholders for their confidence in the Company and for supporting our turnaround efforts. We are looking to the future with confidence and seek your continued support.

Shekhar Bajaj
Chairman & Managing Director

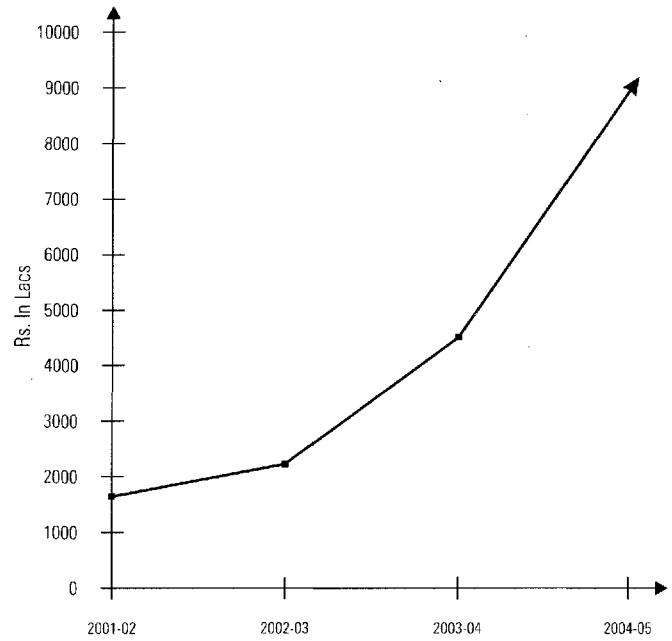
Statistics



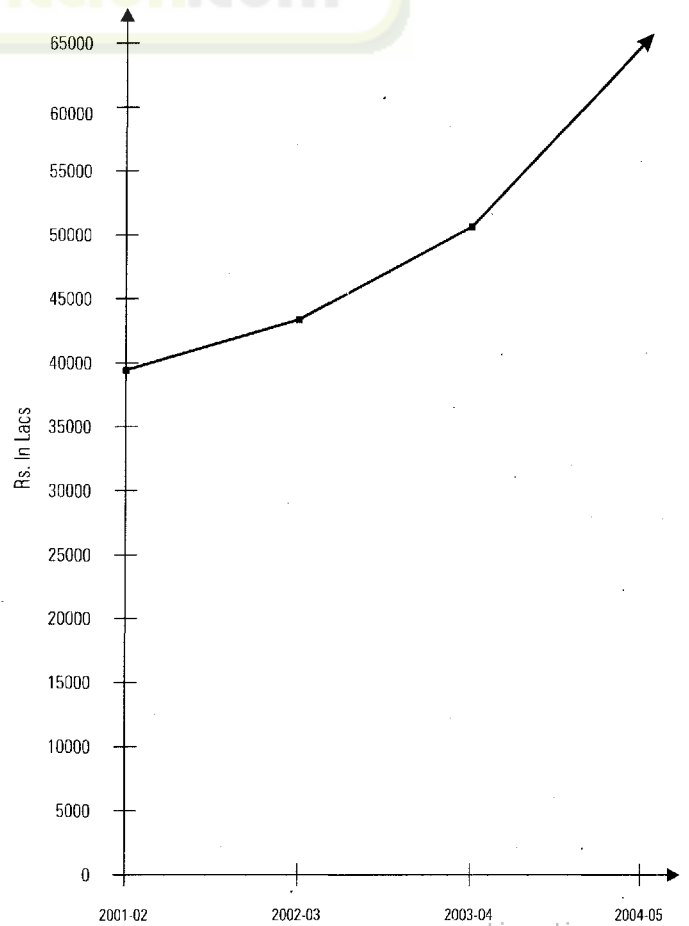
LIGHTING



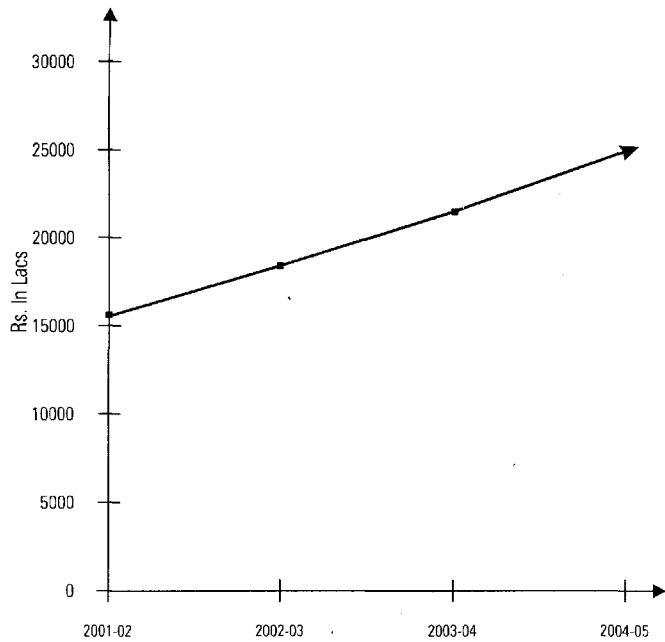
GALVANISED STRUCTURE



TOTAL SALES (All Products)



CONSUMER DURABLES



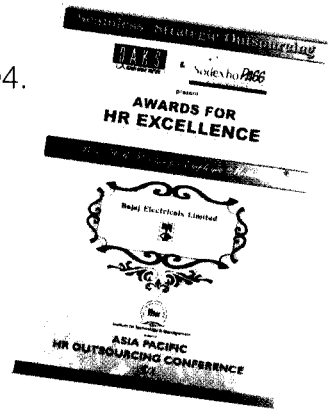
Significant Achievements

Bajaj Electricals was selected as a winner of the Mid Day Big Break Awards for HR Excellence - "Organization that creates Fun & Joy at Work" award for 2004.

Bajaj Electricals also won the Asia Pacific HR Outsourcing Conference Awards for HR Excellence - "Best HR Practice for Employee Motivation"

(see Certificates alongside).

These coveted awards are a recognition and tribute to the contribution made by all members of Team Bajaj.



Mr. R Ramakrishnan, President & COO receiving the award for "Organization that creates Fun & Joy at Work" in Mumbai, on November 25, 2004.

Bajaj Electricals advertisements won the Advertising Agencies' Association of India awards for creative excellence.



AAA Gold Award for Print Ad.



AAA Silver Award for Outdoor.

STANIS
INCREDIBLE FACT

bajaj electricals limited

Board of Directors

Shekhar Bajaj, Chairman & Managing Director
 Harsh Vardhan Goenka
 A.K. Jalan
 Ajit Gulabchand
 V.B. Haribhakti
 Madhur Bajaj
 Dakshesh B. Dhruv
 S.C. Batra (Upto 21.1.2005)
 H.R. Srivastava (Nominee of SBBJ)

Company Secretary

Mangesh Patil

Auditors

Dalal & Shah, Chartered Accountants

Bankers

State Bank of Bikaner & Jaipur
 Bank of India
 Union Bank of India
 State Bank of India
 Yes Bank Ltd.

Registered Office

45-47, Veer Nariman Road, Mumbai 400 023.

Factories

Chakan Unit : Mahalunge, Chakan Talegaon Road,
 Khed, Pune 410 501.
 Wind Farm : Village Vankusawade, Dist.: Patan,
 Maharashtra 415 206.
 Ranjangaon Unit : Village Dhoksanghvi, Taluka Shirur,
 Ranjangaon,, Dist.: Pune,
 Maharashtra 412 210.

Branches

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh,
 Chennai, Cochin, Delhi, Guwahati, Hyderabad, Indore,
 Jaipur, Kolkata, Lucknow, Mumbai, Noida, Patna, Pune,
 Raipur & Wardha.

Depots

Daman, Dehradun, Faridabad, Goa, Parwanoo, Ranchi &
 Zirakhpur.

Management

Shekhar Bajaj, Chairman & Managing Director
 R. Ramakrishnan, President & Chief Operating Officer
 L.K. Mehta, Sr. Vice President & Head – Engineering & Projects BU
 P.S. Tandon, Vice President & Head – Appliances BU
 G.P. Satsangi, Vice President & Head – Luminaires BU
 A.S. Radhakrishna, Vice President & Head – Fans BU
 Pravin Jathar, Vice President & Head – Corporate Finance
 Vijay Deshpande, Vice President – Human Resources
 Harsh Mittal, Vice President & Head – Lighting BU (upto 11.5.05)
 C.G.S. Mani, Vice President & Head – Lighting BU (wef 11.5.05)

Chakan Unit

Sudeep P. Naigaonkar, Sr. General Manager & Head –
 Fans Manufacturing

Ranjangaon Unit

S.C. Bhargava, Sr. General Manager & Head – Ranjangaon Unit

Report Junction.com

A request

The practice of distributing the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. Shareholders are therefore requested to bring their copies of the Annual Report to the meeting.

bajaj electricals limited

Registered Office : 45-47, Veer Nariman Road, Mumbai 400 023.

NOTICE

NOTICE is hereby given that Sixty-sixth Annual General Meeting of the Shareholders of Bajaj Electricals Limited will be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Thursday, the 28th day of July, 2005 at 11.30 A.M. (I.S.T.) to transact the following business:

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2005 together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri V.B. Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ashok Kumar Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Messrs. Dalal & Shah, Chartered Accountants, Mumbai, be and they are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors or Committee thereof in addition to reimbursement of service tax, as applicable, actual traveling and out-of-pocket expenses incurred by them."

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that in supersession of the Resolution passed at the Annual General Meeting of the Company held on Tuesday, the 20th day of July, 1999, the consent of the Company under section 293(1)(d) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company to borrow, monies from time to time together with the monies already borrowed by the Company upto a limit of Rs.200 crores (Rupees Two hundred crores only), (exclusive of interest), in excess of aggregate of paid-up capital and free reserves at any time for the purposes of the Company (apart from temporary loans obtained from and/or to be obtained from the Company's bankers in the ordinary course of business), from the Company's bankers or from any person or persons, firms, bodies corporate or financial institutions, by way of deposits, advances or other loans, whether unsecured or secured by mortgage, charge, hypothecation, or pledge of all or any of the Company's assets and properties including the whole or substantially the whole of undertaking or undertakings of the Company on such terms and conditions as the Board of Directors may deem fit, and that the consent be and is hereby given to the Board of Directors for executing, if and when necessary, such instruments and

documents as they may deem fit for mortgage, charge, hypothecation or pledge or otherwise, in connection with the borrowings of the Company."

8. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the reappointment of Shri Shekhar Bajaj, as Managing Director of the Company with effect from 1st November, 2004 for a period of five years on the following terms and conditions:-

- (a) Salary: Rs.2,00,000 (Rupees Two lacs only) per month in the Scale of Rs.2,00,000 - 25,000 - 3,00,000.

Accelerated increments may be given by the Board of Directors at their absolute discretion.

- (b) Commission: In addition to the Salary, Commission equal to 100% of the Salary be paid to the Managing Director

- (c) Perquisites: Perquisites be allowed in addition to Salary and Commission. The perquisites are classified into following three Categories:

Category 'A'

- (i) Housing I:

The expenditure by the Company on hiring accommodation and providing furniture for the Managing Director will be subject to the following ceiling:-

60% of the salary, over and above 10% payable by the Managing Director.

Housing II:

In case the accommodation is owned by the Company, then, ten percent of the Salary of the Managing Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This, however, shall be subject to a ceiling of 10% of the Salary of the Managing Director.

- (ii) Medical Reimbursement:

Reimbursement of expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

- (iii) Leave Travel Concession:

Leave travel concession for self and family once in a year incurred in accordance with the rules specified by the Company.

- (iv) Personal Accident Insurance:

Premium not to exceed Rs.4,000/- per annum.

Category 'B'

- (v) Provident Fund and Superannuation Fund:

The contribution towards Provident Fund and Pension/Superannuation Fund as per the rules of the Company, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (At present, this is limited to twenty seven per cent of the salary under the Income-tax Act).

- (vi) Gratuity:
Gratuity as per the rules of the Company.

Category 'C'

- (vii) Car and Telephone:
Provision of car for use for Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Other Terms:

- (viii) Entertainment Expenses:
The Managing Director will be entitled to reimbursement of entertainment expenses incurred in the course of business of the Company.
- (ix) Leave:
The Managing Director shall also be entitled to leave on full pay and allowances as per the rules of the Company."

"FURTHER RESOLVED that in case of absence or inadequacy of profits, the Managing Director will be entitled to a commission at such percentage of salary so that the total remuneration payable to him shall not exceed the limits prescribed in clause B of Section II of Part II of Schedule XIII to the Companies Act, 1956, which at present is Rs.42,00,000/- per annum."

9. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that pursuant to provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Shri Anant Bajaj, son of Shri Shekhar Bajaj, Chairman & Managing Director of the Company, to hold and continue to hold an office or place of profit in the Company with the designation of General Manager (Special Assignments) or such other designation as the Managing Director may from time to time decide at a monthly remuneration together with other benefits and perquisites as set out herein, with authority to Managing Director at his discretion to give increments as he may deem fit and proper and to sanction at his discretion and in due course promotion to next higher grade together with modifications in benefits and perquisites with effect from the date as may be decided by the Managing Director, subject however that the maximum remuneration together with other perquisites and benefits shall not exceed Rs.1,50,000/- per month.

- (a) Basic Salary: Rs.15,000/- (Rupees Fifteen Thousand only) per month

- (b) Other benefits and perquisites:

1. House Rent Allowance : Rs.10,000/- per month;
2. Additional Allowance: Rs.11,000/- per month;
3. Conveyance Allowance: Rs.3,000/- per month or provision of Company's car with reimbursement of maintenance and driver salary;
4. Provident Fund and Superannuation fund contributions as applicable to other senior employees in Manager's grade (presently @ 12% and 15% respectively, of the Basic Salary);
5. Gratuity as per the rules of the Company;
6. Leave and encashment of unavailed leave as per rules of the Company;

7. Leave Travel Assistance: Rs.18,000/- per annum;
8. Medical Expenses : For self and family upto a limit of Rs.21,000/- per annum;
9. Telephone : Expenses towards usage of telephones installed at residence will be reimbursed by the Company upto a limit of Rs.12,000/- per annum;
10. Mobile Phone : Rs.9,600/- per annum;
11. Soft Furnishing : Rs.3,500/- per annum;
12. Polishing & Painting : Rs.15,500/- for every three years;
13. Portfolio Bag : Rs.2,000/- for every three years;
14. Books & Periodicals : Rs.3,100/- per annum;
15. Repairs & Maintenance : Rs.4,000/- per annum;
16. Domestic Servant Allowance: Rs.7,800/- per annum;
17. Other perquisites and emoluments as per the rules of the Company."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, unclaimed dividend that are due for transfer to the Investor Education and Protection Fund are as follows:

| Particulars | Financial Year | Date of Declaration | Due date for transfer to IEP Fund |
|-------------|----------------|---------------------|-----------------------------------|
| Dividend | 1997-98 | 05.08.1998 | 21.09.2005 |
| Dividend | 1998-99 | 20.07.1999 | 05.09.2006 |
| Dividend | 1999-00 | 16.08.2000 | 02.10.2007 |
| Dividend | 2000-01 | 30.07.2001 | 03.09.2008 |

5. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th day of July, 2005 to 28th day of July, 2005, both days inclusive.
6. **Re-appointment of Directors:**

At the ensuing Annual General Meeting, Shri V.B. Haribhakti and Shri Ashok Kumar Jalan, retire by rotation and being eligible offer themselves for re-appointment. The information pertaining to the Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement on Corporate Governance published in the Annual Report.

By Order of the Board of Directors
For Bajaj Electricals Limited

Mumbai, 30th May, 2005

Mangesh Patil
Company Secretary

bajaj electricals limited

Registered Office : 45-47, Veer Nariman Road, Mumbai 400 023.

Annexure to the NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

The Company at its Annual General Meeting held on Tuesday, 20th day of July, 1999 had empowered the Board of Directors of the Company to borrow and raise monies not exceeding Rs.100 crore (Rupees One hundred crore only) in excess of the aggregate of the paid-up capital and the free reserves under section 293(1)(d) of the Companies Act, 1956.

Since the year 1998-99, turnover of the Company has increased from Rs.338.17 crore to Rs.651.73 crore in 2004-05. The Ranjangaon Unit of the Company, which manufactures High Masts, Galvanised Poles, Transmission Line Towers, etc., has been operating at its full capacity. Due to growth in the existing business of the Company and possible new business opportunities, the requirement of working capital has increased over the period. The developments in the finance sector have also necessitated giving more flexibility to the Board of Directors to source the borrowings.

In view of the above, to part finance increasing working capital requirements and acquisition of assets, the existing borrowing limit is proposed to be increased from Rs.100 crore to Rs.200 crore in excess of the aggregate of the paid-up capital and the free reserves.

The consent of the Company is required under the provisions of Section 293(1)(d) of the Companies Act, 1956 to authorize the Board of Directors to borrow monies in excess of the aggregate of paid-up capital of the Company and the free reserves and to specify the total amount upto which the monies may be borrowed by the Board of Directors.

The aggregate of the paid-up capital (equity & preference) and the free reserves of the Company as on 31st March, 2005 is Rs.69.13 crores.

None of the Directors, is interested in this Resolution.

Item No. 8

At the Annual General Meeting of the Company held on 16th August, 2000, the members of the Company had approved the reappointment and remuneration payable to Shri Shekhar Bajaj as Managing Director of the Company for a period of five years from 1st November, 2000. This term expired on 31st October, 2004.

The reappointment and remuneration of Shri Shekhar Bajaj, were approved by the Remuneration Committee and the Board of Directors in their meetings held on 29th October, 2004.

The abstract of the terms of the contract and memorandum of concern or interest under Section 302 of the Companies Act, 1956 in respect of reappointment of Shri Shekhar Bajaj as the Managing Director of the Company has been circulated to all the members. The terms and conditions of the reappointment of Shri Shekhar Bajaj, which are set out in the Resolution, are in conformity with Section 269 read with Schedule XIII to the Companies Act, 1956.