

**Nifty Benchmark Exchange Traded
Scheme (NIFTY BeES)**

**Annual Report
2001-2002**

BENCHMARK
MUTUAL FUND

602, Maker Bhavan No.3,
21, New Marine Lines,
Mumbai - 400 020
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BENCHMARK
MUTUAL FUND

BOARD OF DIRECTORS

**BENCHMARK TRUSTEE COMPANY
PVT. LTD.**

Dr. S. A. Dave, Chairman

Mr. Dakshesh B. Dhruv

Dr. Pravin P. Shah

Dr. Manesh L. Shrikant

**BENCHMARK ASSET MANAGEMENT
COMPANY PVT. LTD.**

Mr. D. S. Mehta, Chairman

Mr. S. J. Parekh

Ms. Susan Thomas

Mr. S. R. Halbe

Mr. T. N. V. Ayyar

SPONSOR

Niche Financial Services Private Ltd.

511, Maker Bhavan No.3,

21, New Marines Lines

Mumbai - 400 020.

Tel (91 22) 208 3445.

Fax (91 22) 200 5414.

INVESTMENT MANAGER

**Benchmark Asset Management
Company Pvt. Ltd.**

602, Maker Bhavan No.3,

21, New Marine Lines

Mumbai - 400 020.

Tel (91 22) 200 3389.

Fax: (91 22) 200 3412.

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E-Mail: webmaster@benchmarkfunds.com

TRUSTEE

Benchmark Trustee Company Pvt. Ltd.

602, Maker Bhavan No.3,

21, New Marine Lines

Mumbai - 400 020.

Tel (91 22) 200 3389.

Fax: (91 22) 200 3412.

CUSTODIAN

ABN Amro Bank NV

71/72, Sakhar Bhavan,

Nariman Point, Mumbai – 400 021

Tel (91 22) 281 2527/281 2528.

Fax: (91 22) 202 7969.

REGISTRAR & TRANSFER AGENT

MCS Ltd.

'Sri Venkatesh Bhavan'

Plot No.27, Road No.11, MIDC,

Andheri (East), Mumbai 400 093

Tel (91 22) 821 5235.

Fax (91 22) 835 0456.

E-Mail: mcsmum@vsnl.com

AUDITORS

N.M. Raiji & Co.

6th Floor, Universal Insurance Building,

P. M. Road,

Mumbai - 400 001.

TRUSTEES REPORT*For the period ended March 31, 2002***Dear Unit holders,**

We have pleasure in presenting our first report and the audited financial statement of the scheme of Benchmark Mutual Fund, for the period ended March 31, 2002.

BENCHMARK MUTUAL FUND

Benchmark Mutual Fund ("the Fund") was set up as a trust under the Indian Trust Act, 1882 by way of Trust Deed dated February 14, 2001 by Niche Financial Services Pvt. Ltd. ("Sponsor"), the sponsor of the Mutual Fund. The Fund has been registered with Securities and Exchange Board of India ('SEBI') vide registration number MF/045/01/6 dated June 12, 2001. Benchmark Trustee Company Pvt. Ltd. ("the trustee") is sole trustee of the Fund. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Benchmark Asset Management Company Pvt. Ltd. (BAMC) has been appointed as Asset Management Company ("the investment manager") to the Mutual Fund vide Investment Management Agreement dated February 14, 2001.

The maiden scheme of the fund, Nifty Benchmark Exchange Traded Scheme (Nifty BeES) was listed on January 8, 2002 on the Capital Market Segment of National Stock Exchange of India Limited (NSE). The scheme collected Rs. 21 crores during the initial offer period from December 12, 2001 to December 18, 2001.

As on March 31, 2002, the assets under management were Rs. 7.13 crores with 244 investors in the scheme.

PERFORMANCE REVIEW

Nifty BeES is an open-ended index scheme of Benchmark Mutual Fund, tracking S&P CNX Nifty Index, in the form of an Exchange Traded Scheme (ETF). The investment objective of the scheme is to generate returns that, before expenses, closely correspond with the returns generated by S&P CNX Nifty.

The Fund uses a "passive" or indexing approach to try and achieve Scheme's investment objective. Unlike other Funds, the Scheme does not try to "beat" the markets they track and do not seek temporary defensive positions when markets decline or appear over valued. The Fund does not make any judgments about the investment merit of a particular stock or a particular industry segment nor does it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks in regard to over/underperformance vis-à-vis a benchmark.

As per the investment pattern, the Nifty BeES invests at least 90% of its total assets in the stocks of its Underlying Index. The Nifty BeES may hold upto 10% of their total assets in stocks not included in the corresponding Underlying Index.

The Scheme tracks S&P CNX Nifty and is a passively managed scheme. The investment decisions are determined as per the S&P CNX Nifty. In case of any change in the index due to corporate actions or change in the constituents of S&P CNX Nifty (as communicated by IISL, an Index provider), relevant investment decisions are determined considering the composition of the S&P CNX Nifty.

Name of the Scheme	NAV per unit as at Dec. 28, 2001 # (Rs.)	NAV per unit as at March 31, 2002 (Rs.)	Absolute Returns (%) (Since inception to March 31, 2002)	
			NIFTY BeES	S&P CNX Nifty
Nifty BeES	103.38	112.95	9.26%*	9.26%

Date of allotment/inception

* Past performance may or may not be sustained in future.

The Scheme has generated absolute returns of 9.26% (since inception) closely corresponding to the returns of S&P CNX Nifty Index with a Tracking Error of 0.15% per annum (since inception). Tracking Error is the standard deviation of difference in daily returns between Nifty Total Returns Index and Nifty BeES NAV.

Trading Statistics

The units of Nifty BeES were listed on NSE on January 8, 2002. The highlights of trading statistics for the period January 8, 2002 to March 31, 2002 are as follows:

Total Traded Volume (Nos.)	2,374,422
Total Traded Value (Rs.)	264,353,136
Total Number of Trades (Nos.)	7,157
Daily Average Volume Traded (Nos.)	41,657

STATUTORY DETAILS

The price and redemption value of the units, and income from them, can go up as well as down with the fluctuation in the market value of its underlying investments.

For computation of returns, the Net Asset value of units of the Scheme on the date of allotment i.e. December 28, 2001 is considered.

On written request, present and prospective unit-holder/investor can obtain a copy of the Trust Deed, the Annual Report and the text of the Scheme. Unit holders, if they so desire, may request the Annual Report of AMC.

LIABILITY AND RESPONSIBILITY OF TRUSTEE AND SPONSOR

The main responsibility of the Trustee is to protect the interest of Unit holders and inter alia ensure that the AMC functions in the interest of investors and in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Trust Deed and the Offer Document of the scheme. From the information provided to the Trustee and the reviews the Trustee has undertaken, the Trustee believes the AMC has operated in the interests of Unit holders.

The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution of Rs.1 lac made by it towards setting up of Benchmark Mutual Fund.

ACKNOWLEDGEMENTS

We would like to thank the Investors, Securities and Exchange Board of India, National Stock Exchange of India, Service Providers, the AMC and its employees for their committed service.

For and on behalf of the Board of Directors
of **Benchmark Trustee Company Pvt. Ltd.**,
(Trustee to Benchmark Mutual Fund)

Dr. S.A. Dave
Chairman

Place : Mumbai

Dated : August 10, 2002

AUDITORS' REPORT

The Board of Directors,
BENCHMARK TRUSTEE COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet as at March 31, 2002 and the Revenue Account for the period ended on that date annexed thereto, Nifty BeES scheme of Benchmark Mutual Fund. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with SEBI (Mutual Fund) Regulations, 1996. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and the Revenue Accounts referred to above are in agreement with the books of account of Benchmark Mutual Fund.
3. The Accounts have been prepared in accordance with the accounting policies adopted by the trustees of the fund and as specified in the Nineth Schedule of the SEBI (Mutual Funds) Regulations, 1996 (the Regulations).
4. The scheme does not hold any non-traded securities and therefore, no comment is called for in respect of valuation methods for non-traded securities.
5. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the accounting policies and notes on accounts attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In case of Balance Sheet, of the state of affairs of the Nifty BeES scheme of Benchmark Mutual Fund as at March 31, 2002 and
 - b) In case of the Revenue Account of the surplus of the Nifty BeES scheme of Benchmark Mutual Fund for the period ended March 31, 2002.

For N. M. RAIJI & CO.
Chartered Accountants

J. M. GANDHI
Partner

Place : Mumbai
Dated : August 10, 2002

BENCHMARK MUTUAL FUND

Nifty Benchmark Exchange Traded Scheme - Nifty BeES

Balance Sheet as at March 31, 2002

All figures in Rs.

	Schedule	March 31, 2002
LIABILITIES		
1. Unit Capital	A	6,316,310
2. Reserves & Surplus	B	65,027,753
3. Current Liabilities & Provisions	C	4,851,550
Total		76,195,613
ASSETS		
1. Investments	D	71,335,984
2. Deposits	E	–
3. Other Current Assets	F	4,859,629
4. Deferred Revenue Expenditure		–
Total		76,195,613

Accounting Policies and Notes on Accounts I

The Schedules referred to herein form an integral part of the Balance Sheet

As per our Report of even date
For N. M. Raiji & Co.
Chartered Accountants

For and on behalf of
Benchmark Trustee Company Pvt. Ltd.

S. A. Dave
Chairman

D. B. Dhruv
Director

J. M. Gandhi
Partner

For and on behalf of
Benchmark Asset Management Company Pvt. Ltd.

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : August 10, 2002

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND

Nifty Benchmark Exchange Traded Scheme - Nifty BeES

Revenue Account for the period ended 31st March, 2002

All figures in Rs.

	Schedule	March 31, 2002
1. INCOME & GAINS		
1.1 Dividend		183,321
1.2 Interest		351,027
1.3 Profit on sale/redemption of investments (other than inter scheme transfer/sale)		10,623,120
1.4 Profit on inter-scheme transfer/sale of investments		—
1.5 Unrealised Appreciation of Investments		4,628,875
Total Income & Gains		15,786,343
2. EXPENSES AND LOSSES		
2.1 Management & Operating expenses	G	220,305
2.2 Provision for doubtful income		—
2.3 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		2,077,926
2.4 Loss on inter-scheme transfer/sale of investments		—
Total Expenses & Losses		2,298,231
Surplus/(Deficit) for the period		13,488,112
Less : Income Equalisation Account		8,081,739
Less : Unrealised Appreciation on Investments transferred to Balance Sheet		4,628,875
Surplus/(Deficit) for the period available for Distribution		777,498
Balance brought forward from previous year		—
Add: Transfer from Dividend Equalization Reserve		—
Add/(Less) : Transfer from Unit Premium Reserve		—
Surplus available for distribution / (Deficit)		777,498
Appropriation		
Income Distribution		—
Balance carried to the Balance Sheet		777,498

Accounting Policies and Notes on Accounts**I**

The Schedules referred to herein form an integral part of the Balance Sheet

As per our Report of even date

For and on behalf of

For N. M. Raiji & Co.**Benchmark Trustee Company Pvt. Ltd.**

Chartered Accountants

S. A. Dave**D. B. Dhruv**

Chairman

Director

For and on behalf of

J. M. Gandhi**Benchmark Asset Management Company Pvt. Ltd.**

Partner

D. S. Mehta**S. R. Halbe**

Chairman

Director

Place: Mumbai

Vishal Jain

Date: August 10, 2002

Fund Manager

BENCHMARK MUTUAL FUND

Scheme Name: Nifty BeES

Schedules forming part of Accounts for the period ended March 31, 2002

All figures in Rs.

	March 31, 2002
SCHEDULE A	
Unit Capital	6,316,310
Total	6,316,310
No. of Units of face value of Rs.10/- each	631,631
SCHEDULE B	
Reserves & Surplus	
Unit Premium Reserve	
Opening Balance	—
Add/(Less) on account of purchase/sale of units	59,621,380
Less: Transfer to Revenue Account	—
Closing Balance	59,621,380
Unrealised Appreciation Reserve	
Opening Balance	—
Add/(Less) : Transfer from Revenue Account	4,628,875
Closing Balance	4,628,875
Surplus/Deficit	
Balance transferred from Revenue account	777,498
Closing Balance	777,498
GRAND TOTAL	65,027,753
SCHEDULE C	
Current Liabilities & Provisions	
A. Current Liabilities	
Sundry creditors	—
Contracts for purchase of investments	4,519,527
Management fee payable	94,452
Trusteeship Fee payable	—
Others	237,571
Shares/Debentures application money	—
Total (A)	4,851,550
B. Provisions	—
GRAND TOTAL	4,851,550

All figures in Rs.

March 31, 2002

SCHEDULE D**Investments (Marked to Market)**

(Refer Schedule - H for portfolio holding statement as on March 31, 2002)

Equity Shares	71,335,984
Privately Placed Debentures/Bonds	—
Debt Securities listed/ awaiting listing on a recognised stock exchange	—
Debentures & Bonds Listed	—
Government Securities	—
Commercial Paper	—
Total	71,335,984

SCHEDULE E**Deposits with Scheduled Banks**

— Call Deposits	—
— Term Deposits	—
Total	—

SCHEDULE F**Other Current Assets**

Balances with banks in current account	330,629
Sundry debtors	—
Contracts for sale of investments	—
Outstanding and accrued income	252
Less : Provision for doubtful income	—
Shares/Debentures application money, pending allotment	—
Others	4,528,748
Total	4,859,629

SCHEDULE G**Management & Operating Expenses**

Management fees	94,452
Trusteeship fees	2,783
Office and administrative expenses	—
Registration and legal expenses	—
Commission to agents	—
Publicity expenses	47,544
Bank Charges	—
Audit fees	50,000
Custodian fees	14,990
Registrar expenses	10,536
Deferred expenses written off	—
Other operating expenses	—
Doubtful assets written off	—
Total	220,305

BENCHMARK MUTUAL FUND

Scheme: Nifty BeES

Schedule - H : Holding Statement as on March 31, 2002

Company Name	Quantity	Market/ Fair Value (in Rs.)	% to Total
Equity Shares		SubTotal	
Information Technology			
Wipro Corporation Ltd.	4,746	8,071,047.60	
Satyam Computers Services Ltd.	6,422	1,715,637.30	
Infosys Technologies Ltd.	1,351	5,064,358.60	
NIIT Ltd.	789	183,048.00	
Digital Equipments Ltd.	669	380,259.60	15,414,351.10 21.61%
Fast Moving Consumer Goods			
ITC Ltd.	5,010	3,490,467.00	
Hindustan Lever Ltd.	44,942	10,118,691.30	13,609,158.30 19.08%
Diversified			
Reliance Industries Ltd.	21,514	6,460,654.20	
Larsen & Tourbo Ltd.	5,076	917,994.60	
Grasim Industries Ltd.	1,872	537,732.00	7,916,380.80 11.10%
Pharmaceuticals			
Dr. Reddy's Laboratories Ltd.	1,563	1,705,154.85	
Cipla Ltd.	1,224	1,245,175.20	
Novartis Ltd.	649	160,238.10	
Sun Pharmaceuticals Ltd.	955	637,701.25	
Ranbaxy Laboratories Ltd.	2,366	2,074,627.10	
Glaxo India Ltd.	1,521	519,801.75	
Smithkline Beecham Consumer Services Ltd.	927	347,625.00	6,690,323.25 9.38%
Financial Institution & Banks			
Housing Development and Finance Corporation Ltd.	2,466	1,687,853.70	
ICICI Ltd.	16,033	974,806.40	
State Bank of India	10,745	2,363,362.75	5,026,022.85 7.05%
Oil, Gas & Refining			
Indian Petrochemicals Corporation Ltd.	5,109	426,090.60	
Reliance Petroleum Ltd.	106,198	2,745,218.30	
Hindustan Petroleum Corporation Ltd.	6,929	2,013,220.95	5,184,529.85 7.27%
Telecom			
Mahanagar Telephone Nigam Ltd.	12,862		1,887,498.50 2.65%
Automobiles & Auto Ancillaries			
Hero Honda Ltd.	4,077	1,380,268.35	
Castrol India Ltd.	2,521	469,536.25	
Tata Engineering and Locomotive Company Ltd.	5,226	658,476.00	
Bajaj Auto Ltd.	2,067	956,607.60	3,464,888.20 4.86%

Company Name	Quantity	Market/ Fair Value (in Rs.)	% to Total
Equity Shares		SubTotal	
Banks - Private Sector			
Oriental Bank of Commerce Ltd.	3,932	155,117.40	
HDFC Bank Ltd.	5,745	1,359,267.00	
ICICI Banking Corporation Ltd.	4,500	557,550.00	2,071,934.40 2.90%
Media & Entertainment			
Zee Telefilms Ltd.	8,421		1,410,517.50 1.98%
Food & Dairy Products			
Britannia Ltd.	549	298,601.10	
Nestle India Ltd.	1,969	1,009,604.75	1,308,205.85 1.83%
Aluminum			
Hindalco Industries Ltd.	1,521		1,174,364.10 1.65%
Cement			
Associated Cement Companies Ltd.	3,496	536,286.40	
Gujarat Ambuja Cement Companies Ltd.	3,004	601,100.40	1,137,386.80 1.59%
Light & Heavy Engineering			
Asean Brown Boveri Ltd.	845	224,220.75	
Bharat Heavy Electrical Ltd.	4,997	844,493.00	1,068,713.75 1.50%
Personal Care			
Colgate Palmolive India Ltd.	2,776	391,971.20	
Procter & Gamble Ltd.	442	218,723.70	
Dabur India Ltd.	5,830	323,273.50	933,968.40 1.31%
Metal			
Tata Iron & Steel Company Ltd.	7,516		734,689.00 1.03%
Electricity Generation & Distribution			
Bombay Suburban Electric Supply Ltd.	2,813		627,439.65 0.88%
Power Generation & Supply			
Tata Power Company Ltd.	4,155		470,553.75 0.66%
Paints/Varnishes			
Asian Paints Ltd.	1,312		429,417.60 0.60%
Automobiles - Multiutility Vehicles			
Mahindra & Mahindra Ltd.	2,257		257,410.85 0.36%
Tea			
Tata Tea Ltd.	1,149		194,927.85 0.27%
Hotels			
Indian Hotels Ltd.	922		161,811.00 0.23%
Chemicals			
Tata Chemicals Ltd.	3,687		161,490.60 0.23%
Total Investments at Market Value		71,335,983.95	
Cost of Investments		66,707,108.62	

BENCHMARK MUTUAL FUND

Scheme: Nifty BeES

Schedule - I: Accounting Policies and Notes on Accounts**1. BACKGROUND**

Benchmark Mutual Fund ("the Mutual Fund") was set up as trust under the Indian Trust Act, 1882 by way of Trust Deed dated February 14, 2001 by Niche Financial Services Pvt. Ltd. ("sponsor"), the sponsor of the Mutual Fund. Benchmark Trustee Company Pvt. Ltd. ("the trustee") are the sole trustees of the Fund. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Benchmark Asset Management Company Pvt. Ltd. (BAMC) has been appointed as Asset Management Company ("the investment manager") to the Mutual Fund.

Nifty Benchmark Exchange Traded Scheme (Nifty BeES) is an open-ended index scheme of Benchmark Mutual Fund, tracking S&P CNX Nifty Index, in the form of Exchange Traded Scheme (ETF) listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE). The scheme was open for initial offer from December 12, 2001 to December 18, 2001. The units under the scheme were allotted on December 28, 2001 at an allotment price of Rs.104.39 per unit. The face value of the units has been considered at Rs.10/- and balance of Rs.94.39 per unit has been credited to Unit Premium Reserve. The units were listed on NSE on January 8, 2002, on which date the scheme re-opened for repurchase and redemption on ongoing basis. The investment objective of the scheme is to generate returns that, before expenses, closely correspond with the returns generated by S&P CNX Nifty.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 The method of accounting is on accrual basis.

2.2 Investments

- Purchase and sale of securities are recognized on trade dates i.e. on the dates of transaction and not on the date of settlement.
- All investments are accounted at acquisition cost. Such cost includes stamp duty, brokerage and any other charge customarily included in broker's note.
- Cost of right equity shares, if any, is considered at issue price plus premium paid, if any, to acquire rights renunciation.
- Bonus entitlement, if any, are recognized on ex-bonus dates. Similarly right entitlements, if any, are recognized only when original shares on which the right entitlements accrue are traded on ex-right basis.
- Portfolio Valuation**

For the purpose of financial statements, the Fund marks all investments to market and carries investments in the Balance Sheet at the market value. Unrealised gain, if any, arising out of appreciation of the investments, is carried to the Balance Sheet. Traded securities are valued at the last quoted closing price on the NSE, if such date is not preceding more than 30 days prior to the valuation date.

Non-traded equity securities, including those not traded within 30 days prior to the valuation date & thinly traded securities are valued in accordance with the

guidelines issued by the SEBI. However, the Scheme does not hold thinly traded/ non-traded securities.

- f) In determining the holding cost of investments and gain and loss on sale of investments, the "Weighted Average Method" has been followed.

2.3 Income Recognition

- Dividend income is accrued on ex-dividend date.
- Profit or loss on sale of investments is arrived at by applying weighted average cost on trade date.
- Interest on fixed income investments are recognized on accrual basis.
- Unrealised gain/loss is recognized in Revenue Account. However, unrealised gain is excluded for calculating distributable income and the same is carried to the Balance Sheet as Unrealised Appreciation Reserve.

2.4 Income Equalisation Account

An appropriate portion of price of the unit at the time of purchase and sale is transferred to income equalisation account. In arriving at the portion of the price to be transferred to income equalisation account, surplus/deficit (after considering unrealised appreciation/depreciation) upto the date of transaction is taken into account. The net balance in this account is transferred to the revenue account to adjust distributable surplus for the year.

2.5 Unit Premium Reserve

Unit Premium Reserve is debited or credited at the time of purchase and sale of units after taking into account the face value of the units and income equalisation.

2.6 Initial Issue Expenses

Initial issue expenses of the Scheme have been borne by the AMC and not charged to the Scheme.

2.7 Entry/Exit Load

The fund do not charge any entry / exit load on repurchase / redemption of units in creation unit size. However in case no quotes are available on the NSE for five consecutive trading days, the exit load charged for redemption of units in other than creation unit size is upto 5% of NAV. Such Load, if charged at the time of purchase of units, is offset against distribution and marketing expenses viz: publicity expenses. Un-utilised amount of load collected is carried to subsequent year unless the same is found excess by the trustees. Such excess amount is credited to other income.

As per the terms of offer document, Depository and Custody charges are recovered from respective investors for transfer of shares on subscription and redemption and the same is utilised for payment of transaction charges to Depository Participant (DP) and Custodian on account of transfer of shares and hence does not form part of Revenue Account.

NOTES ON ACCOUNTS

- Net Asset Value (NAV) is calculated after considering market/ fair value of investments and after providing for expenses on an estimated basis.
- There are no underwriting obligations undertaken by the schemes of the mutual fund with respect to issue of securities of associate companies.

- There is no contingent liability on underwriting commitment, partly paid equity shares or on any other uncalled liabilities.
- All investments are marked to market and accordingly reflected in the balance sheet. The cost and market value of investments are shown in Note No.12. Due to this method of accounting, the total income and surplus/deficit for the period is higher to the extent of global unrealized appreciation of Rs.4,628,875/- However, there is no impact on distributable surplus for the period as such unrealized appreciation is not considered for distribution of dividend.
- Annual Scheme recurring expenses in excess of limits 0.80% as per the offer document are borne by the Asset Management Company.
- The AMC has not dealt in any securities through brokers associated with the Sponsor.
- Purchases of Investments yet to be settled: Rs. 4,519,527. (Previous Year: N.A.)
- Sale of investments yet to be settled: Rs Nil. (Previous Year: N.A.)

9. Income and expenses

The aggregate income (including net profit/(loss) on sale of investments and net change in unrealized appreciation in the value of investments) is Rs. 13,708,417/- and 12.62% (Annualised 49.54%) of daily average net assets. Aggregate expenses are Rs. 220,303/- and 0.20% (Annualised 0.80%) of daily average net assets of the scheme.

10. Aggregate value of purchases and sale of Investments during the period

Average Daily NAV	Purchase		Sale	
	Value Rs. (lacs)	% to NAV	Value (lacs)	% to NAV
1,086	2,358	217.10%	Rs.1,776	163.54%

11. Net Asset Value (per unit)

As on March 31, 2002 (Rs.)	
Face Value	10.00
Net Asset Value	112.95

12. Cost & Market value of investments

	Cost (Rs. Lacs)	Market value (Rs. Lacs)
Equity Shares (Current Year)	667.07	713.36
Equity Shares (Previous Year)	N.A.	N.A.

Unrealized appreciation in the value of investments is Rs. 46.29 Lacs. (Previous Year: N.A.)

13. Movement of unit capital

	Current Year	
	Units	Rupees
Balance as on April 1, 2001	-	-
Units allotted in the IPO December 28, 2001	2,011,631	20,116,310
Units issued during the period	40,000	400,000
Units redeemed during the period	1,420,000	14,200,000
Balance as on March 31, 2002	631,631	6,316,310

14. Details of large holding

The details of investors holding units in the scheme in excess of 25% of the NAV as on March 31, 2002:

No. of Unit-holders	Total holding in Percentage
1	45

15. Income Tax

No provision for income tax is made as the Scheme qualifies as a recognised Mutual Fund under section 10(23D) of the Income Tax Act, 1961.

16. Management and Investment Advisory Fees

Management fee is calculated on the daily average net asset value (NAV). The management fees charged in terms of the offer document under the scheme is 0.35% of daily average NAV upto Rs.100 crores and 0.30% of daily average NAV beyond Rs.100 crores. The calculation of the same is as follows:

	Amount in Rs.
Daily Average Net Assets (Rs.) (Previous Year)	108,598,399 (N.A.)
% of Management Fees First Rs. 100 Crores	0.35% (Annualised) 0.35%
Management Fees (in Rs.) (Previous Year)	94,452 (N.A.)

17. Trustee Fees

In accordance with the Offer Document, the Trustee fees has been charged @0.01% of the daily average net assets of the Scheme

18. Custodial Fees and Expenses

ABN Amro Bank NV (ABN) provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, ABN is reimbursed for custody and transaction charges levied by NSDL/CDSL.

19. Registrar and Transfer Agent Fees and Expenses

MCS Ltd. provides registrar and transfer agency services to the Fund for which it receives the fees based on daily average net assets of the scheme.

20. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. holds 39,334 units in the Scheme as on March 31, 2002.

21. The Scheme has made following investments in group/associate companies of the Sponsor.

(Rs. Crores)

Name of the Associate	Aggregate of Investments during the period at cost	Outstanding investment as on March 31, 2002 at market value
Bajaj Auto Ltd.	0.29	0.096

22. The Scheme has not made any investments in the issues lead managed by associate companies.

23. The Scheme has not paid any commission/ brokerage to the agents.

24. Disclosure under regulation 25(8)

The AMC has not paid any charges viz. agency commission, brokerage to parties associated with sponsor in which AMC or its major shareholder or its subsidiaries are having substantial interest.

25. Disclosure under regulation 25(11)

The Scheme has not invested in any Company or its subsidiary, which has invested more than 5% of the NAV of the Scheme during the period ended on March 31, 2002.

26. Unclaimed Dividend and repurchase amount

As at March 31, 2002, there are no unclaimed dividend and unclaimed repurchase amounts.

27. Registered Securities

The investments of the Scheme are registered in the name of the Fund for the benefit of the Scheme's Unit holders.

28. The audited results for the period ended March 31, 2002 have been placed by Benchmark Asset Management Company Pvt. Ltd. and approved by the trustees in the meeting of the Board of Directors of Benchmark Trustee Company Pvt. Ltd. on August 10, 2002.

29. As this is the first financial statement of the Scheme, the previous year figures are not applicable. Revenue Account is drawn for the period December 20, 2001 to March 31, 2002.

30. A complete list of investments of the Scheme is given in Schedule H.

31. Historical Per unit Statistics*

(In Rs.)

	December 28, 2001 to March 31, 2002
a) Net Asset Value per unit at the end of the period	112.95
b) Gross Income	
i) Income other than profit on sale of investments	8.17
ii) Income (net) from profit on sale of investments, per unit	13.53
iii) Income from profit on inter-scheme sales/transfer of investment	—
iv) Transfer to revenue account from past year's reserve	—
c) Aggregate of expenses, write off, amortization and charges	0.35
d) Net Income/ loss (after income equalization)	1.23
e) Unrealized appreciation/(depreciation) in value of investments	7.33
f) Repurchase price during the period	
i) Highest (March 7, 2002)	119.36
ii) Lowest (January 30, 2002)	106.70
e) Resale price during the period	
i) Highest (March 7, 2002)	119.36
ii) Lowest (January 30, 2002)	106.70

Nifty Benchmark Exchange Traded Scheme (NIFTY BeES)

g)	Market Price (The National Stock Exchange of India)	
i)	Highest	120.00
ii)	Lowest	106.00
h)	Price Earning Ratio **	0.01
i)	Ratio of expenses to average net assets (%) @	0.80%
j)	Ratio of Gross income (including net profit / (loss) on sale of investments and net change in unrealized appreciation in value of investments) (%) @	49.01%

* The above per unit statistics are based on the number of units outstanding at the end of the period.

@ Annualised

** Price earning ratio is based on the closing price of Rs.113.50 on the National Stock Exchange of India on March 28, 2002 (being the last working day of the year) and net income per unit.

Signature to Schedules A to I forming part of the Balance Sheet and Revenue Account.

As per our Report of even date
For N. M. Raiji & Co.
Chartered Accountants

For and on behalf of
Benchmark Trustee Company Pvt. Ltd.

S. A. Dave **D. B. Dhruv**
Chairman Director

J. M. Gandhi
Partner

For and on behalf of
Benchmark Asset Management Company Pvt. Ltd.

D. S. Mehta **S. R. Halbe**
Chairman Director

Place: Mumbai
Date: August 10, 2002

Vishal Jain
Fund Manager

Notes:

1. On written request, present and prospective unit holders/investors can obtain a copy of the Trust Deed, the annual report at a price and the text of the Scheme.
2. On written request, the present and prospective unit holders may request a copy of the annual report of Benchmark Asset Management Company Pvt. Ltd.

STATUTORY DETAILS:

Benchmark Mutual Fund was set up as a trust under the Indian Trust Act, 1882 by way of Trust Deed dated February 14, 2001 by Niche Financial Services Pvt. Ltd. the sponsor of the Mutual Fund. • Benchmark Trustee Company Pvt. Ltd. is sole trustee of the Fund. In accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Benchmark Asset Management Company Pvt. Ltd. has been appointed as Asset Management Company to the Mutual Fund.

RISK FACTORS:

Mutual funds and Securities investments are subject to market risks and there can be no assurance or guarantee that the objective of the Scheme will be achieved. • As with any investment in securities, the Net Asset Value (NAV) of the units issued under the Scheme can go up or down depending on the factors and forces affecting the capital market. • Past performance of the Sponsors and its affiliates does not indicate the future performance of the schemes of the Mutual Fund. • Nifty Benchmark Exchange Traded Scheme (Nifty BeES) is the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and the returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Scheme. • Nifty BeES is an Exchange Traded Fund (ETFs). Though ETFs are popular abroad, it is still a new concept in India and Nifty BeES is one of the first Schemes of its kind to be launched. • The Scheme is the first Scheme being launched by Benchmark Mutual Fund. Benchmark Asset management Company Ltd. has no previous experience in launching and managing a Scheme or a mutual fund. • The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Scheme beyond the initial contribution made by it of an amount of Rs. 1Lac towards setting up of the Mutual Fund. • Investors in the Scheme are not being offered any guaranteed or assured returns. • The Scheme's NAV will react to the stock market movements. The Investor could lose money over short periods due to fluctuation in the Scheme's NAV in response to factors such as economic and political developments changes in interest rates and perceived trends in stock prices market movements and over longer periods during market downturns.