

**BENCHMARK**  
MUTUAL FUND

**Annual Report**  
**2002-2003**

**BENCHMARK**  
MUTUAL FUND

602, Maker Bhavan No.3,  
21, New Marine Lines,  
Mumbai - 400 020  
Ph.: 91-22-2200 3389  
Fax: 91-22-2200 3412  
website : <http://www.benchmarkfunds.com>

Nifty BeES<sup>™</sup>  
Junior BeES<sup>™</sup>

**BOARD OF DIRECTORS**

**BENCHMARK TRUSTEE COMPANY  
PVT. LTD.**

Dr. S. A. Dave, Chairman

Dr. M. L. Shrikant

Mr. D. B. Dhruv

Dr. P. P. Shah

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

Mr. D. S. Mehta, Chairman

Mr. S. J. Parekh

Mr. S. R. Halbe

Mr. T. N. V. Ayyar

Ms. Susan Thomas

**SPONSOR**

**Niche Financial Services Private Ltd.**

511, Maker Bhavan No.3

21, New Marine Lines

Mumbai - 400 020.

Tel (91 22) 2208 3445.

Fax (91 22) 2200 5414.

**TRUSTEE**

**Benchmark Trustee Company Pvt. Ltd.**

602, Maker Bhavan No.3

21, New Marine Lines

Mumbai - 400 020.

Tel (91 22) 2200 3389.

Fax: (91 22) 2200 3412.

**INVESTMENT MANAGER**

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

602, Maker Bhavan No.3

21, New Marine Lines

Mumbai - 400 020.

Tel (91 22) 2200 3389.

Fax: (91 22) 2200 3412.

Visit us at <http://www.benchmarkfunds.com>

E-Mail: [webmaster@benchmarkfunds.com](mailto:webmaster@benchmarkfunds.com)

**REGISTRAR & TRANSFER AGENT**

**MCS Ltd.**

Sri Padmavathi Bhavan

Plot No. 93, Road No. 16, MIDC

Andheri (East), Mumbai 400 093

Tel (91 22) 2820 1785.

Fax (91 22) 2820 1783.

E-Mail: [mcsmum@vsnl.com](mailto:mcsmum@vsnl.com)

**CUSTODIAN**

**ABN Amro Bank NV**

71/72, Sakhar Bhavan

Nariman Point, Mumbai – 400 021

Tel (91 22) 2281 2527/2281 2528.

Fax: (91 22) 2202 7969.

**AUDITORS**

**N.M. Rajji & Co.**

6<sup>th</sup> Floor, Universal Insurance Building

P. M. Road

Mumbai - 400 001.

## TRUSTEES REPORT

*For the Year ended March 31, 2003*

### Dear Unit holders,

We have pleasure in presenting our second report and the audited financial statements of the schemes of Benchmark Mutual Fund for the year ended March 31, 2003.

### BENCHMARK MUTUAL FUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. ("the Sponsor") and was set up as a trust under the Indian Trust Act, 1882 through Trust Deed dated February 14, 2001. 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 or AMC") to the Mutual Fund vide Investment Management Agreement dated February 14, 2001.

### INVESTMENT PHILOSOPHY OF THE FUND

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.

### INVESTMENT OBJECTIVE OF THE SCHEMES

#### Nifty BeES

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

#### Junior BeES

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) is an open-ended index scheme tracking CNX Nifty Junior Index, in the form of an Exchange Traded Fund (ETF), listed on the National Stock Exchange of India. (NSE). The investment objective of the scheme is to generate returns that, before expenses, closely correspond with the returns generated by CNX Nifty Junior Index.

### PERFORMANCE REVIEW

During the year under review, Benchmark Mutual Fund launched its second scheme, Junior BeES. Junior BeES tracks CNX Nifty Junior Index. The Initial Public Offer of Junior BeES

was open from February 6, 2003 to February 17, 2003. The units of Junior BeES were listed on the Capital Market segment of the National Stock Exchange of India on March 6, 2003.

As on March 31, 2003 assets under management were Rs. 10.72 crores with 787 investors in both the schemes.

During the year the Fund also received approval from SEBI for two other schemes viz. Information Technology Benchmark Exchange Traded Scheme (i-Tech BeES) and Liquid Benchmark Exchange Traded Scheme (Liquid BeES). The Initial Public Offer of Liquid BeES was open for subscription from July 1, 2003 to July 3, 2003.

### Nifty BeES

As per the investment pattern, Nifty BeES invests at least 90% of its total assets in the stocks of its Underlying Index. 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 Index and is a passively managed scheme. The investment decisions are determined as per S&P CNX Nifty Index. In case of any change in the index due to corporate actions or change in the constituents of S&P CNX Nifty Index (as communicated by IISL, an Index provider), relevant investment decisions are determined considering the composition of S&P CNX Nifty Index.

### Performance Record

Particulars	Nifty BeES	Benchmark Returns	
		S&P CNX Nifty	S&P CNX Nifty Total Return Index
Since Inception (Compounded Annualized)	-3.99%	-4.31%	-2.72%
Last One Year	-12.18%	-13.40%	-11.74%
Last Six Months	1.60%	1.56%	1.95%
Last Three Months	-10.64%	-10.54%	-10.48%
Last One Month	-7.20%	-8.01%	-7.98%

(Past performance may or may not be sustained)

Note: Returns less than one year are not annualised. For calculating returns, the NAV has been adjusted for bonus declared by the scheme in the ratio 1:110 the record date for the same was February 21, 2003.

Tracking Error	
Since Inception	0.12%
Last One Year	0.12%
Last Six Months	0.09%
Last Three Months	0.10%
Last One Month	0.16%

Tracking Error is calculated with respect to Total Return S&P CNX Nifty Index.

Also, according to Outlook Money Nifty BeES has lowest tracking error among it's peers.

(Source: Outlook Money, April 30,2003)

### Junior BeES

As per the investment pattern, Junior BeES will invest at least 90% of its total assets in the stocks of its corresponding underlying index. The Scheme may hold upto 10% of its total assets in stocks not included in the corresponding underlying index.

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

### Performance Record

Particulars	Junior BeES	Benchmark Returns	
		CNX Nifty Junior	CNX Nifty Junior Total Return Index
Since Inception	-11.78	-10.01%	-9.873%
Last One Year	NA	NA	NA
Last Six Months	NA	NA	NA
Last Three Months	NA	NA	NA
Last One Month	NA	NA	NA

(Past performance may or may not be sustained)

Note: First NAV of the scheme was declared on 6th March 2003, i.e. the date of listing.

### 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.

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 schemes. 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(s). 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)

Sd/-  
**Dr. S. A. Dave**  
Chairman

Place : Mumbai  
Dated : August 9, 2003

**AUDITORS' REPORT**

The Board of Directors,  
BENCHMARK TRUSTEE COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet as at March 31, 2003 and the Revenue Account for the year ended on that date annexed thereto, of Nifty Benchmark Exchange Traded Scheme (Nifty BeES), a 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 Account referred to above are in agreement with the books of account of the Scheme.
3. The Accounts have been prepared in accordance with the accounting policies adopted by the trustees of the fund and as specified in the Ninth Schedule to 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, 2003 and
  - b) In case of the Revenue Account of the deficit of the Nifty BeES scheme of Benchmark Mutual Fund for the year ended March 31, 2003.

**For N. M. RAIJI & CO.**  
**Chartered Accountants**

Sd/-  
**J. M. GANDHI**  
**Partner**

Place : Mumbai  
Dated : August 9, 2003

**BENCHMARK MUTUAL FUND**

*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)*

**Balance Sheet as at March 31, 2003**

*(In Rupees)*

	Schedule	March 31, 2003	March 31, 2002
<b>LIABILITIES</b>			
1. Unit Capital	<b>A</b>	9,177,367	6,316,310
2. Reserves & Surplus	<b>B</b>	81,036,676	65,027,753
3. Current Liabilities & Provisions	<b>C</b>	218,777	4,851,550
<b>Total</b>		<b>90,432,820</b>	<b>76,195,613</b>
<b>ASSETS</b>			
1. Investments	<b>D</b>	90,183,857	71,335,984
2. Deposits	<b>E</b>	—	—
3. Other Current Assets	<b>F</b>	248,963	4,859,629
4. Deferred Revenue Expenditure		—	—
<b>Total</b>		<b>90,432,820</b>	<b>76,195,613</b>

**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

Sd/-  
**J. M. Gandhi**  
Partner

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

Sd/-  
**Dr. S. A. Dave**  
Chairman

Sd/-  
**Dr. P. P. Shah**  
Director

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

Sd/-  
**D. S. Mehta**  
Chairman

Sd/-  
**S. R. Halbe**  
Director

Place : Mumbai  
Date : August 9, 2003

Sd/-  
**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Revenue Account for the year ended 31st March, 2003***(In Rupees)*

	Schedule	March 31, 2003	March 31, 2002
<b>1. INCOME AND GAINS</b>			
1.1 Dividend		1,302,440	183,321
1.2 Interest		–	351,027
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		825,710	10,623,120
1.4 Profit on inter-scheme transfer/sale of investments		–	–
1.5 Other income		–	–
1.6 Provision no longer required written back		–	–
1.7 Net change in unrealised Appreciation of Investments		–	4,628,875
<b>Total</b>		<b>2,128,150</b>	<b>15,786,343</b>
<b>2. EXPENSES AND LOSSES</b>			
2.1 Management & Operating expenses	<b>G</b>	529,692	220,305
2.2 Net Change in unrealised depreciation on investments		10,940,337	–
2.3 Provision for doubtful income		–	–
2.4 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		1,006,700	2,077,926
2.5 Loss on inter-scheme transfer/sale of investments		–	–
<b>Total</b>		<b>12,476,729</b>	<b>2,298,231</b>
<b>Surplus / (Deficit) for the period</b>		<b>(10,348,579)</b>	<b>13,488,112</b>
<b>Add/(Less) : Income Equalisation Account</b>		<b>2,415,645</b>	<b>(8,081,739)</b>
Add/(Less) : Unrealised Appreciation on Investments transferred to/from Balance Sheet		4,628,875	(4,628,875)

*(In Rupees)*

Schedule	March 31, 2003	March 31, 2002
	<b>(3,304,059)</b>	<b>777,498</b>
Balance brought forward from previous year	777,498	–
Add/(Less): Transfer from Unit Premium Reserve (Refer Note No.9)	4,297,345	–
<b>Surplus/(Deficit) available for distribution</b>	<b>1,770,784</b>	<b>777,498</b>
<b>Appropriation</b>		
Income Distribution-interim (by way of bonus in the ratio of 1:110)	(656,182)	–
Balance carried to the Balance Sheet	<b>1,114,602</b>	<b>777,498</b>

**Accounting Policies and Notes on Accounts****I**

The Schedules referred to herein form an intergral part of the Revenue Account

As per our Report of even date  
**For N. M. Raiji & Co.**  
Chartered AccountantsFor and on behalf of  
**Benchmark Trustee Company Pvt. Ltd.**Sd/-  
**J. M. Gandhi**  
PartnerSd/-  
**Dr. S. A. Dave**  
Chairman  
Sd/-  
**Dr. P. P. Shah**  
DirectorFor and on behalf of  
**Benchmark Asset Management Company Pvt. Ltd.**Sd/-  
**D. S. Mehta**  
Chairman  
Sd/-  
**S. R. Halbe**  
DirectorPlace : Mumbai  
Date : August 9, 2003Sd/-  
**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND**

Nifty Benchmark Exchange Traded Scheme (Nifty BeES)

**Schedules forming part of Balance Sheet as at March 31, 2003  
and Revenue Account for the year ended March 31, 2003**

(In Rupees)

	March 31, 2003	March 31, 2002
<b>SCHEDULE A</b>		
UNIT CAPITAL	9,177,367	6,316,310
<b>Total</b>	<b>9,177,367</b>	<b>6,316,310</b>
No. of Units of face value of Rs.10/- each	<b>917,737</b>	<b>631,631</b>
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Unit Premium Reserve</b>		
Opening Balance	59,621,380	-
Add/(Less) on account of purchase/sale of units	24,598,039	59,621,380
Less: Transfer to Revenue Account (Refer Note No.9)	(4,297,345)	-
<b>Total</b>	<b>79,922,074</b>	<b>59,621,380</b>
<b>Unrealised Appreciation Reserve</b>		
Opening Balance	4,628,875	-
Add/(Less) : Transfer to/from Revenue Account	(4,628,875)	4,628,875
<b>Total</b>	<b>-</b>	<b>4,628,875</b>
<b>Surplus/Deficit</b>		
Balance brought forward from Revenue account	1,114,602	777,498
<b>Total</b>	<b>1,114,602</b>	<b>777,498</b>
<b>GRAND TOTAL</b>	<b>81,036,676</b>	<b>65,027,753</b>
<b>SCHEDULE C</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors	-	-
Contracts for purchase of investments	-	4,519,527
Management Fee payable	65,142	94,452
Trusteeship Fee payable	1,964	-
Others	151,671	237,571
<b>Total (A)</b>	<b>218,777</b>	<b>4,851,550</b>
<b>B. Provisions</b>		
	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A) + (B)</b>	<b>218,777</b>	<b>4,851,550</b>

(In Rupees)

	March 31, 2003	March 31, 2002
<b>SCHEDULE D</b>		
<b>INVESTMENTS (Marked to Market)</b>		
(Refer Schedule - H for Portfolio Holding Statement as on March 31, 2003)		
Equity Shares	90,183,857	71,335,984
Preference Shares	-	-
Privately Placed Debentures/Bonds	-	-
Debt Securities listed/ awaiting listing on a Recognised Stock Exchange	-	-
Debentures & Bonds Listed /awaiting listing on the Recognised Stock Exchange	-	-
Government Securities	-	-
Commercial Paper	-	-
Other Investments	-	-
<b>Total</b>	<b>90,183,857</b>	<b>71,335,984</b>
<b>SCHEDULE E</b>		
<b>DEPOSITS WITH SCHEDULED BANKS</b>		
Call Deposits	-	-
Term Deposits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE F</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with banks in current account	240,174	330,629
Sundry Debtors	-	-
Contracts for sale of investments	-	-
Outstanding and accrued income	7,236	252
Less : Provision for doubtful income	-	-
Shares/Debentures application money	-	-
Others	1,553	4,528,748
<b>Total</b>	<b>248,963</b>	<b>4,859,629</b>
<b>SCHEDULE G</b>		
<b>MANAGEMENT &amp; OPERATING EXPENSES</b>		
Management Fees	223,525	94,452
Trusteeship Fees	6,798	2,783
Registration and Legal Expenses	9,724	-
Commission to agents	-	-
Publicity Expenses	85,500	47,544
Bank Charges	100	-
Audit Fees	54,000	50,000
Custodian Fees	9,468	14,990
Registrar Expenses	26,782	10,536
Deferred Expenses written off	-	-
Other Operating Expenses	113,795	-
Doubtful Assets written off	-	-
<b>Total</b>	<b>529,692</b>	<b>220,305</b>

**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedule - H : Portfolio Holding Statement as on March 31, 2003**

Name of the Company	Quantity	MarketValue (Rs.)	SubTotal	% to Total
<b>Aluminium</b>				
Hindalco Industries Ltd	2,632	1,407,067.20	<b>1,407,067.20</b>	<b>1.56%</b>
<b>Automobile Manufacturers</b>				
Telco	9,106	1,417,348.90		
Mahindra & Mahindra Ltd	3,146	312,397.80	<b>1,729,746.70</b>	<b>1.92%</b>
<b>Banks</b>				
State Bank Of India	14,985	4,045,950.00		
ICICI Banking Corporation Ltd	17,453	2,334,338.75		
HDFC Bank Ltd	8,030	1,883,436.50		
Oriental Bank Of Commerce	5,481	351,332.10	<b>8,615,057.35</b>	<b>9.55%</b>
<b>Broadcasting &amp; CableTV</b>				
Zee Telefilms Ltd	11,744	731,651.20	<b>731,651.20</b>	<b>0.81%</b>
<b>Commodity Chemicals</b>				
Reliance Industries Ltd	39,756	11,056,143.60		
Indian Petrochemicals Corporation Ltd	7,124	596,991.20	<b>11,653,134.80</b>	<b>12.92%</b>
<b>Construction &amp; Engineering</b>				
Larsen & Toubro Ltd	7,079	1,306,429.45	<b>1,306,429.45</b>	<b>1.45%</b>
<b>Construction Materials</b>				
Gujarat Ambuja Cement Ltd	4,418	706,880.00		
Associated Cement Companies Ltd	4,881	676,018.50	<b>1,382,898.50</b>	<b>1.53%</b>
<b>Consumer Finance</b>				
Housing Development Finance Ltd	6,950	2,302,882.50	<b>2,302,882.50</b>	<b>2.55%</b>
<b>Diversified Chemicals</b>				
Tata Chemicals Ltd	5,143	314,751.60	<b>314,751.60</b>	<b>0.35%</b>
<b>Electric Utilities</b>				
Bombay Suburban Electric Supply Ltd	3,922	844,994.90		
Tata Power Company Ltd	5,795	655,704.25	<b>1,500,699.15</b>	<b>1.66%</b>
<b>Health Care Equipment</b>				
Dabur India Ltd	8,135	290,012.75	<b>290,012.75</b>	<b>0.32%</b>
<b>Heavy Electrical Equipment</b>				
Bharat Heavy Electricals Ltd	6,969	1,555,132.35		
ABB Ltd	1,206	345,217.50	<b>1,900,349.85</b>	<b>2.11%</b>
<b>Hotels</b>				
Indian Hotels Ltd	1,284	234,137.40	<b>234,137.40</b>	<b>0.26%</b>

Name of the Company	Quantity	MarketValue (Rs.)	SubTotal	% to Total
<b>Household Products</b>				
Hindustan Lever Ltd	62,671	9,297,242.85		
Colgate Palmolive (India) Ltd	3,871	471,294.25	<b>9,768,537.10</b>	<b>10.83%</b>
<b>Industrial Conglomerates</b>				
Grasim Industries Ltd	2,610	862,344.00	<b>862,344.00</b>	<b>0.96%</b>
<b>Integrated Telecommunication Services</b>				
Mahanagar Telephone Nigam Ltd	17,937	1,721,055.15		
Videsh Sanchar Nigam Ltd	8,114	593,539.10	<b>2,314,594.25</b>	<b>2.57%</b>
<b>IT Consulting &amp; Services</b>				
Wipro Ltd	6,621	8,166,672.45		
Infosys Technology Ltd	1,884	7,635,569.40		
Satyam Computer Services Ltd	8,955	1,587,721.50		
HCL Technologies Ltd	8,211	1,240,271.55		
Digital Globalsoft Ltd	938	565,004.30		
NIIT Ltd	1,100	106,095.00	<b>19,301,334.20</b>	<b>21.40%</b>
<b>Marine</b>				
Shipping Corporation Of India	8,037	406,672.20	<b>406,672.20</b>	<b>0.45%</b>
<b>Motorcycle Manufacturers</b>				
Bajaj Auto Ltd	2,881	1,382,880.00		
Hero Honda Ltd	5,685	1,069,917.00	<b>2,452,797.00</b>	<b>2.72%</b>
<b>Oil &amp; Gas Refining &amp; Marketing</b>				
Hindustan Petroleum Corporation Ltd	9,661	2,848,062.80		
Bharat Petroleum Corporation Ltd	8,541	1,895,674.95		
Castrol India Ltd	3,517	667,526.60	<b>5,411,264.35</b>	<b>6.00%</b>
<b>Packaged Foods</b>				
Nestle India Ltd	2,745	1,472,143.50		
Britannia Ltd.	737	366,436.40		
Tata Tea Ltd	1,601	302,829.15		
Glaxosmithkline Consumer Healthcare Ltd	1,292	280,170.20	<b>2,421,579.25</b>	<b>2.69%</b>
<b>Pharmaceuticals</b>				
Ranbaxy Laboratories Ltd	5,280	3,292,608.00		
Dr. Reddy's Laboratories Ltd	2,178	1,995,701.40		
Cipla Ltd	1,707	1,218,456.60		
Sun Pharmaceutical Industries Ltd	2,664	723,009.60		
Glaxo Smithkline Pharmaceuticals Ltd	2,120	619,464.00		
Novartis Ltd	907	198,088.80	<b>8,047,328.40</b>	<b>8.92%</b>
<b>Steel</b>				
Tata Iron & Steel Company Ltd	10,481	1,401,309.70	<b>1,401,309.70</b>	<b>1.55%</b>
<b>Tobacco</b>				
ITC Ltd	7,047	4,427,277.75	<b>4,427,277.75</b>	<b>4.91%</b>
<b>Total</b>		<b>90,183,856.65</b>		<b>100.00%</b>



**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedule - I: Accounting Policies and Notes to the Accounts****1. BACKGROUND**

Benchmark Mutual Fund ("the Mutual Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and was set up as a Trust under the Indian Trust Act, 1882 through Trust Deed dated February 14, 2001. Benchmark Trustee Company Pvt. Ltd. ("the Trustee") is 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 AMC") to the 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 Fund (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.104.3927 per unit. The face value of unit has been considered at Rs.10/- and balance of Rs.94.3927 per unit has been credited to Unit Premium Reserve. The units were listed on NSE on January 8, 2002, on which date the scheme opened for repurchase and redemption on an 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**

- a. Purchase and sale of securities are recognized on trade dates i.e. on the dates of transaction and not on the date of settlement.
- b. All investments are accounted at acquisition cost. Such cost includes stamp duty, brokerage and any other charge customarily included in broker's note.
- c. Cost of right equity shares, if any, is considered at issue price plus premium paid, if any, to acquire rights renunciation.
- d. Bonus entitlements, if any, are recognized on ex-bonus dates. Similarly right entitlements, if any, are recognized only when original shares on which right entitlements accrue are traded on ex-right basis.
- e. **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. Unrealized 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 prices on the NSE, if such date is not preceding more than 30 days prior to the valuation date.

Non-traded securities, including those non traded within 30 days prior to the valuation date and thinly traded securities are valued in accordance with the guidelines issued by SEBI. However, the scheme does not hold thinly traded/non-traded securities.

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

**2.3 Income Recognition**

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

**2.4 Income Equalisation**

An appropriate portion of price of 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 (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalisation Account is transferred to the Revenue Account.

**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 units and Income Equalisation.

**2.6 Initial Issue Expenses**

Initial issue expenses of the scheme have been borne by the Asset Management Company and not charged to the Scheme.

**2.7 Entry/Exit Load**

The Fund does not charge any entry/exit load on repurchase/redemption of units in the 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 the NAV. Such load, if charged, at the time of repurchase of units, is offset against distribution and marketing expenses. Unutilized amount of load collected is carried to subsequent year unless the same is found excess by the Trustees/AMC. Such excess amount is credited to the Scheme.

As per the terms of the Offer Document, Depository and Custody charges are recovered from the respective investor for transfer of shares on subscription and redemption and the same is utilized for payment of transaction charges to Depository Participant and Custodian on account of transfer of shares and hence do not form part of Revenue Account.

**NOTES ON ACCOUNTS**

1. Net Asset Value (NAV) is calculated after considering market/fair value of investments and after providing for expenses on an estimated basis.
2. There are no underwriting obligations undertaken by the Schemes of the Fund with respect to issue of securities of associate companies.
3. There is no contingent liability on underwriting commitment, partly paid equity shares or any other uncalled liabilities.
4. 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.13.
5. As per the terms of Offer Document, Annual Scheme Recurring Expenses in excess of 0.80% are borne by the Asset Management Company.
6. The AMC has not dealt in any securities through brokers associated with the Sponsor.
7. Purchase of investments yet to be settled: Rs. Nil (Previous Year: Rs.4,519,527).
8. Sale of investments yet to be settled: Rs. Nil (Previous Year: Rs. Nil)

**9. Income Equalisation**

The Fund was hitherto considering the unrealized appreciation/depreciation portion and realized profit/loss for the period for calculating the amount to be transferred to Income Equalisation, at the time of purchase/sale of units. In the current year, the Fund has decided not to consider unrealized appreciation/depreciation but to consider cumulative surplus/deficit upto the date of transaction for calculating the amount to be transferred to Income Equalisation. This change has been applied with retrospective effect i.e. from the date of inception of the Scheme.

On account of the change mentioned above, Rs.42,97,345 has been transferred from Unit Premium Reserve to Profit and Loss Account and shown as an adjustment to carry forward Balance of Profit and Loss Account. Further, current year Income Equalisation transferred to Profit and Loss Account is higher by Rs. 48,50,056 and consequently surplus for the year is higher by Rs.48,50,056.

**10. Income and expenses**

The aggregate income (including net profit/(loss) on sale of investments and net change in unrealized depreciation in the value of investments) is (Rs.98,18,887) and (14.44%) of daily average net assets. Aggregate expenses are Rs.529,692 and 0.78% of daily average net assets of the Scheme.

**11. Aggregate Value of Purchases and Sales of Investments during the year**

(Rs. In Lacs)

	Current Year	Previous Year
Average Daily NAV	680	1,086
Purchases	469	2,358
% to NAV	68.98%	217.10%
Sales	171	1,776
% to NAV	25.44%	163.50%

**12. Net Asset Value (per unit)**

(Rs.)

	As on March 31, 2003	As on March 31, 2002
Face Value	10.00	10.00
Net Asset Value	98.3008	112.9521

**13. Cost & Market Value of Investments**

(Rs. In Lacs)

	Current Year	Previous Year
Cost	964.95	667.07
Market Value	901.84	713.36

Unrealised Appreciation/(Depreciation) in the value of investments is (Rs.63.11 Lacs) (Previous Year Rs.46.29 Lacs).

**14. Movement of Unit Capital**

	Current Year		Previous Year	
	Units	Rs.	Units	Rs.
Initial Subscription/ Opening Units	6,31,631	6,316,310	20,11,631	2,01,16,310
Units issued during the Year	360,000	3,600,000	40,000	400,000
Units redeemed during the Year	(80,000)	(800,000)	(1,420,000)	(14,200,000)
Units issued as Bonus*	6,106	61,057	Nil	Nil
Units at the end of the Year	917,737	9,177,367	631,631	6,316,310

\* The Trustees at its meeting held on January 29, 2003 has declared Bonus in the ratio of 1:110. The ex-date on NSE for the same was February 19, 2003 and the record date was February 21, 2003. 6105.736 Units were allotted as Bonus.

**15. Details of Large Holding**

The details of investors holding units in the scheme in excess of 25% of the NAV as on March 31, 2003

No. of Investors	Total Holding in percentage
1	31.60

**16. Income Tax**

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

**17. Investment Management Fees**

Management Fees is calculated on the daily average net assets. In terms of the Offer Document, the management fees is calculated @ 0.35% of daily average Net Assets upto Rs.100 Crores and 0.30% of daily average net assets beyond Rs.100 Crores of Nifty BeES. The calculation of the same is follows:

	Amount in Rs.
Daily Average Net Assets (Previous)	67,982,390 (108,598,399)
% of Management Fees First Rs.100 Crores	0.35% (Annualised)
Management Fees (Previous Year)	223,525 (94,452)

**18. Trustee Fees**

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

**19. 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.

**20. Registrar and Transfer Agents Fees and Expenses**

MCS Limited provides Registrar and Transfer Agency Services to the Fund for which it receives the fees based on daily average net assets of the Scheme.

21. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. holds 39,691.58 units in the Scheme as on March 31, 2003.

22. The Scheme has made following investments in group/associate companies:

(Rs. In Lacs)

Name of the Associate	Aggregate of Investments during the year (at cost)	Outstanding investment at Market Value as on March 31, 2003
Bajaj Auto Ltd.	5.68	13.83

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

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

**25. Disclosure under Regulation 25(8)**

The AMC has not paid any charges viz. Agency Commission, Brokerage to parties associated with the Sponsor in which AMC or its major shareholder or its subsidiaries are having substantial interest.

**26. 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 year ended March 31, 2003.

**27. Unclaimed Dividend/Redemption Amount**

As at March 31, 2003, there were no unclaimed dividend or unclaimed redemption amounts.

**28. Registered Securities**

The securities of the Scheme are registered in the name of the Scheme for the benefit of the Scheme's unit holders.

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

30. Since the Scheme was launched in December 2001, the accounts of the previous year were drawn from December 20, 2001 till March 31, 2002. Hence the previous period figures are not comparable with current year figures. The previous period figures have been regrouped/rearranged wherever necessary.

31. The audited results for the year ended March 31, 2003 have been approved by the Benchmark Asset Management Company Pvt. Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) at their meeting held on July 28, 2003 respectively.

**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2003  
and Revenue Account for the year ended March 31, 2003****Schedule I - NOTES TO THE ACCOUNTS***(In Rupees)*

HISTORICAL PER UNIT STATISTICS*	April 1, 2002	December 20,
	March 31, 2003	2001 to March 31, 2002
a) Net Asset Value per Unit at end of year/period	98.3008	112.9521
b) i) Income other than profit on sale of investments	1.42	0.85
ii) Income (net) from profit on inter-scheme sales / transfer of investments	—	—
iii) Income (net) from profit/(loss) on sale of investments to third parties	(0.20)	13.53
iv) Transfer to revenue account from past year's reserve	—	—
c) Aggregate of expenses, write off, amortisation and charges	0.58	0.35
d) Net income/(loss) (b-c)	0.64	14.03
e) Net Change in Unrealised depreciation in value of investments	(11.92)	7.33
f) Repurchase Price during the period		
i) Highest (April 12, 2002) (PY March 7, 2002)	114.8143	119.3611
ii) Lowest (October 28, 2002) (PY January 30, 2002)	93.7126	106.6953
g) Resale Price during the period		
i) Highest (April 12, 2002) (PY March 7, 2002)	114.8143	119.3611
ii) Lowest (October 28, 2002) (PY January 30, 2002)	93.7126	106.6953
h) Market Price (The National Stock Exchange of India)		
i) Highest (January 8, 2003) (PY January 8, 2002)	115.90	120.00
ii) Lowest (November 5, 2002) (PY January 30, 2002)	86.00	106.00
i) Price Earning Ratio**	152.99	8.09

*(In Rupees)*

HISTORICAL PER UNIT STATISTICS*	April 1, 2002	December 20,
	March 31, 2003	2001 to March 31, 2002
j) Ratio of expenses to the average net assets @	0.78%	0.80%
k) Ratio of gross income (including net loss on sale/redemption of investments and net change in unrealised appreciation in value of investments to average net assets @	-14.44%	49.01%

\* The above per unit calculations with the exception of the net assets value are based on the number of units outstanding at the end of the year / period.

@ The ratio of expenses and Gross Income to daily average net assets by percentage has been Annualised.

\*\* Price Earning Ratio is based on the Closing Market Price on the National Stock Exchange of India Ltd. on March 31, 2003 (PY March 28, 2002) and net income per unit.

**Signatures 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

Sd/-  
**J. M. Gandhi**  
Partner

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

Sd/-  
**Dr. S. A. Dave**  
Chairman

Sd/-  
**Dr. P. P. Shah**  
Director

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

Sd/-  
**D. S. Mehta**  
Chairman

Sd/-  
**S. R. Halbe**  
Director

Place : Mumbai  
Date : August 9, 2003

Sd/-  
**Vishal Jain**  
Fund Manager

**AUDITORS' REPORT**

The Board of Directors,  
BENCHMARK TRUSTEE COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet as at March 31, 2003 and the Revenue Account for the period ended on that date annexed thereto, of Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) a 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 Account referred to above are in agreement with the books of account of the Scheme.
3. The Accounts have been prepared in accordance with the accounting policies adopted by the trustees of the fund and as specified in the Ninth Schedule to 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 Junior BeES scheme of Benchmark Mutual Fund as at March 31, 2003 and
  - b) In case of the Revenue Account of the deficit of the Junior BeES scheme of Benchmark Mutual Fund for the period ended March 31, 2003.

**For N. M. RAIJI & CO.**  
**Chartered Accountants**

Sd/-  
**J. M. GANDHI**  
**Partner**

Place : Mumbai  
Dated : August 9, 2003

**BENCHMARK MUTUAL FUND**

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

**Balance Sheet as at March 31, 2003**

*(In Rupees)*

	Schedule	March 31, 2003
<b>LIABILITIES</b>		
1. Unit Capital	<b>A</b>	851,190
2. Reserves & Surplus	<b>B</b>	9,870,936
3. Current Liabilities & Provisions	<b>C</b>	2,353,300
<b>Total</b>		<b>13,075,426</b>
<b>ASSETS</b>		
1. Investments	<b>D</b>	10,676,769
2. Deposits	<b>E</b>	—
3. Other Current Assets	<b>F</b>	2,398,657
4. Deferred Revenue Expenditure		—
<b>Total</b>		<b>13,075,426</b>

**Accounting Policies and Notes on Accounts I**

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

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

Sd/-  
**J. M. Gandhi**  
Partner

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

Sd/-  
**Dr. S. A. Dave**  
Chairman

Sd/-  
**Dr. P. P. Shah**  
Director

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

Sd/-  
**D. S. Mehta**  
Chairman

Sd/-  
**S. R. Halbe**  
Director

Sd/-  
**Vishal Jain**  
Fund Manager

Place : Mumbai  
Date : August 9, 2003

**BENCHMARK MUTUAL FUND**

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)

**Revenue Account for the period ended March 31, 2003**

(In Rupees)

	Schedule	March 31, 2003
<b>1. INCOME &amp; GAINS</b>		
1.1 Dividend		19,894
1.2 Interest		–
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		16,873
1.4 Profit on inter-scheme transfer/sale of investments		–
1.5 Other income		–
1.6 Provision no longer required written back		–
1.7 Net change in unrealised Appreciation of Investments		–
<b>Total</b>		<b>36,767</b>
<b>2. EXPENSES AND LOSSES</b>		
2.1 Management & Operating Expenses	<b>G</b>	12,190
2.2 Net change in unrealised Depreciation of Investments		877,916
2.3 Provision for doubtful income		–
2.4 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		396,043
2.5 Loss on inter-scheme transfer/sale of investments		–
2.6 Initial Issue Expenses ( <b>Note No 2.6</b> )		182,225
<b>Total</b>		<b>1,468,374</b>
<b>Deficit for the period</b>		<b>(1,431,607)</b>
<b>Add/(Less) : Income Equalisation Account</b>		<b>–</b>
Less : Unrealised Appreciation on Investments transferred to / from Balance Sheet		–
		<b>(1,431,607)</b>
Balance brought forward from previous year		–
Add/(Less) : Transfer from Unit Premium Reserve		–

(In Rupees)

Schedule	March 31, 2003
<b>Surplus available for distribution / (Deficit)</b>	<b>(1,431,607)</b>
<b>Appropriation</b>	
Income Distribution	–
Balance carried to the Balance Sheet	(1,431,607)

**Accounting Policies and Notes on Accounts I**

The Schedules referred to herein form an intergral part of the Revenue Account

As per our Report of even date

**For N. M. Raiji & Co.**

Chartered Accountants

Sd/-

**J. M. Gandhi**

Partner

For and on behalf of

**Benchmark Trustee Company Pvt. Ltd.**

Sd/-

**Dr. S. A. Dave**

Chairman

Sd/-

**Dr. P. P. Shah**

Director

For and on behalf of

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

Sd/-

**D. S. Mehta**

Chairman

Sd/-

**S. R. Halbe**

Director

Sd/-

**Vishal Jain**

Fund Manager

Place : Mumbai

Date : August 9, 2003

**BENCHMARK MUTUAL FUND**

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)

**Schedules forming part of Balance Sheet as at March 31,2003 and Revenue Account for the period ended March 31, 2003**

(In Rupees)

**March 31, 2003****SCHEDULE A**

Unit Capital	851,190
<b>Total</b>	<b>851,190</b>

No of Units of face value of Rs.10/- each **85,119****SCHEDULE B****RESERVES & SURPLUS****Unit Premium Reserve**

Opening Balance	-
Add/(Less): on account of initial subscription of units	11,302,543
Less: Transfer to Revenue Account	-
<b>Total</b>	<b>11,302,543</b>

**Unrealised Appreciation Reserve**

Opening Balance	-
Add/(Less) : Transfer to/from Revenue Account	-
<b>Total</b>	<b>-</b>

**Surplus/Deficit**

Balance brought forward from Revenue account	(1,431,607)
<b>Total</b>	<b>(1,431,607)</b>

**GRAND TOTAL 9,870,936****SCHEDULE C****CURRENT LIABILITIES & PROVISIONS****A. Current Liabilities**

Sundry creditors	-
Contracts for purchase of investments	2,334,247
Management Fees payable	6,095
Trusteeship Fees payable	608
Others	12,350
<b>Total (A)</b>	<b>2,353,300</b>

**B. Provisions**

	-
<b>Total (B)</b>	<b>-</b>
<b>TOTAL (A) + (B)</b>	<b>2,353,300</b>

(In Rupees)

**March 31, 2003****SCHEDULE D****INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31,2003)

Equity Shares	10,676,769
Preference Shares	-
Privately Placed Debentures/Bonds	-
Debt Securities listed/awaiting listing on a Recognised Stock Exchange	-
Debentures & Bonds Listed / awaiting listing on Recognised Stock Exchange	-
Awaiting Listing on Recognised Stock exchange	-
Government Securities	-
Commercial Paper	-
Other Investments	-
<b>Total</b>	<b>10,676,769</b>

**SCHEDULE E****DEPOSITS WITH SCHEDULED BANKS**

Call Deposits	-
Term Deposits	-
<b>Total</b>	<b>-</b>

**SCHEDULE F****OTHER CURRENT ASSETS**

Balances with banks in current account	49,472
Sundry debtors	-
Contracts for sale of investments	2,349,185
Outstanding and accrued income	-
Less : Provision for doubtful income	-
Shares/Debentures application money	-
Others	-
<b>Total</b>	<b>2,398,657</b>

**SCHEDULE G****MANAGEMENT & OTHER OPERATING EXPENSES**

Management fees	6,095
Trusteeship fees	608
Registration and legal expenses	-
Commission to agents	-
Publicity expenses	-
Bank Charges	-
Audit fees	-
Custodian fees	5,487
Registrar expenses	-
Deferred expenses written off	-
Other operating expenses	-
Doubtful assets written off	-
<b>Total</b>	<b>12,190</b>

**BENCHMARK MUTUAL FUND***Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedule - H : Portfolio Holding Statement as on March 31, 2003**

Scrip Name	Quantity	MarketValue	SubTotal	% to Total
<b>Apparel &amp; Accessories</b>				
Raymond Ltd	1,551	139,357.35		
Titan Industries Ltd	1,068	54,147.60	<b>193,504.95</b>	<b>1.81%</b>
<b>Automobile Manufacturers</b>				
Ashok Leyland Ltd	3,005	290,132.75	<b>290,132.75</b>	<b>2.72%</b>
<b>Banks</b>				
Punjab National Bank	6,703	682,030.25		
Bank Of Baroda	7,478	641,238.50		
Corporation Bank	3,624	475,650.00		
Bank Of India	12,344	468,454.80		
Vysya Bank Ltd	572	135,678.40		
Global Trust Bank	3,066	42,004.20	<b>2,445,056.15</b>	<b>22.90%</b>
<b>Commodity Chemicals</b>				
Asian Paints Ltd	1,622	535,260.00		
I C I India Ltd	1,033	111,099.15	<b>646,359.15</b>	<b>6.05%</b>
<b>Computer Hardware</b>				
CMC Ltd	383	189,374.35	<b>189,374.35</b>	<b>1.77%</b>
<b>Computer Storage &amp; Peripherals</b>				
Moser Baer India Ltd	653	149,275.80	<b>149,275.80</b>	<b>1.40%</b>
<b>Construction &amp; Farm Machinery</b>				
Punjab Tractors Ltd	1,535	179,748.50		
Escorts Ltd	1,825	64,148.75	<b>243,897.25</b>	<b>2.28%</b>
<b>Construction Materials</b>				
Madras Cement Ltd	30	100,957.50		
India Cements Ltd	3,526	45,838.00	<b>146,795.50</b>	<b>1.37%</b>
<b>Consumer Finance</b>				
LIC Housing Finance Ltd	1,893	125,127.30	<b>125,127.30</b>	<b>1.17%</b>
<b>Diversified Financial Services</b>				
Industrial Development Bank Of India	16,494	272,975.70		
Kotak Mahindra Finance Ltd	1,496	236,442.80		
Industrial Finance Corporation Of India	16,136	61,316.80	<b>570,735.30</b>	<b>5.35%</b>
<b>Electrical Components &amp; Equipment</b>				
Bharat Electronics Ltd	2,021	363,780.00		
Siemens Ltd	837	234,611.10	<b>598,391.10</b>	<b>5.60%</b>
<b>Highways &amp; Railtracks</b>				
Container Corporation Ltd	1,642	356,642.40	<b>356,642.40</b>	<b>3.34%</b>

Name of the Company	Quantity	MarketValue (Rs.)	SubTotal	% to Total
<b>Hotels</b>				
Thomas Cook (India) Ltd	368	72,017.60	<b>72,017.60</b>	<b>0.67%</b>
<b>Industrial Machinery</b>				
Cummins India Ltd	5,002	255,352.10		
Ingersoll-Rand (India) Ltd	798	156,248.40	<b>411,600.50</b>	<b>3.86%</b>
<b>IT Consulting &amp; Services</b>				
I-Flex Solution Ltd	943	847,615.55		
Polaris Software Lab Ltd	1,301	158,201.60		
Hughes Software Ltd	849	149,721.15		
Rolta India Ltd	1,609	82,139.45		
Silverline Technologies Ltd	2,164	15,472.60	<b>1,253,150.35</b>	<b>11.74%</b>
<b>Marine</b>				
Great Eastern Shipping Com	4,809	182,261.10	<b>182,261.10</b>	<b>1.71%</b>
<b>Movies &amp; Entertainment</b>				
Pentamedia Graphics Ltd	3,662	29,479.10	<b>29,479.10</b>	<b>0.28%</b>
<b>Oil &amp; Gas Refining &amp; Marketing</b>				
Chennai Petro. Corp. Ltd	3,632	108,596.80	<b>108,596.80</b>	<b>1.02%</b>
<b>Personal Products</b>				
Gillete India Ltd	823	215,461.40	<b>215,461.40</b>	<b>2.02%</b>
<b>Pharmaceuticals</b>				
Wockhardt Ltd	916	320,783.20		
Pfizer Ltd	728	224,988.40		
Nicholas Piramal India Ltd	960	197,376.00		
Aventis Pharma Ltd	582	137,555.70		
Aurobindo Pharma Ltd	587	124,326.60		
E. Merck India Ltd	426	97,341.00		
German Remedies Ltd	208	43,430.40		
Orchid Chemicals & Pharmac	707	41,112.05		
Morepen Laboratories Ltd	2,286	27,660.60	<b>1,214,573.95</b>	<b>11.38%</b>
<b>Steel</b>				
Steel Authority Of India Ltd	104,353	923,524.05	<b>923,524.05</b>	<b>8.65%</b>
<b>Telecommunications Equipment</b>				
GTL Ltd (Fr.Global Tele-Systems Ltd)	1,789	94,727.55		
Finolex Cables Ltd	773	60,719.15		
Himachal Futuristic Commun	3,588	41,441.40	<b>196,888.10</b>	<b>1.84%</b>
<b>Tyres &amp; Rubber</b>				
Apollo Tyres Ltd	918	113,923.80	<b>113,923.80</b>	<b>1.07%</b>
<b>Total</b>		<b>10,676,768.75</b>		<b>100.00%</b>



**BENCHMARK MUTUAL FUND***Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedule - I: Accounting Policies and Notes to the Accounts****1. BACKGROUND**

Benchmark Mutual Fund ("the Mutual Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and was set up as a Trust under the Indian Trust Act, 1882 through Trust Deed dated February 14, 2001. Benchmark Trustee Company Pvt. Ltd. ("the Trustee") is 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 AMC") to the Fund.

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) is an open-ended index scheme of Benchmark Mutual Fund, tracking CNX Nifty Junior Index, in the form of Exchange Traded Fund (ETF) listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE). The scheme was open for initial offer from February 6, 2003 to February 17, 2003. The units under the Scheme were allotted on February 21, 2003 at an allotment price of Rs.142.7852 per unit. The face value of unit has been considered at Rs.10/- and balance of Rs.132.7852 per unit has been credited to Unit Premium Reserve. The units were listed on NSE on March 6, 2003, on which date the scheme opened for repurchase and redemption on an ongoing basis. The investment objective of the scheme is to generate returns that, before expenses, closely correspond with the returns generated by CNX Nifty Junior.

**2. SIGNIFICANT ACCOUNTING POLICIES**

2.1 The method of accounting is on accrual basis.

**2.2 Investments**

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

**e. 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. Unrealized 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 prices on the NSE, if such date is not preceding more than 30 days prior to the valuation date.

Non-traded securities, including those non traded within 30 days prior to the valuation date and thinly traded securities are valued in accordance with the guidelines issued by 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**

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

**2.4 Income Equalisation**

An appropriate portion of price of 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 (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalisation Account is transferred to the Revenue Account.

**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 units and Income Equalisation.

**2.6 Initial Issue Expenses**

Initial issue expenses borne by the Scheme are charged to Revenue Account in the first year.

**2.7 Entry/Exit Load**

The Fund does not charge any entry/exit load on repurchase/redemption of units in the 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 the NAV. Such load, if charged, at the time of repurchase of units, is offset against distribution and marketing expenses. Unutilized amount of load collected is carried to subsequent year unless the same is found excess by the Trustees/AMC. Such excess amount is credited to the Scheme.

As per the terms of the Offer Document, Depository and Custody charges are recovered from the respective investor for transfer of shares on subscription and redemption and the same is utilized for payment of transaction charges to Depository Participant and Custodian on account of transfer of shares and hence do 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 Fund with respect to issue of securities of associate companies.
- There is no contingent liability on underwriting commitment, partly paid equity shares or 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.
- As per the terms of Offer Document, Annual Scheme Recurring Expenses in excess of 1.00% are borne by the Asset Management Company.
- The AMC has not dealt in any securities through brokers associated with the Sponsor.
- Purchase of investments yet to be settled: Rs. 2,334,247 (Previous Year: N.A.).
- Sale of investments yet to be settled: Rs. 2,349,185 (Previous Year: N.A.)
- Income and Expenses**  
The aggregate income (including net profit/(loss) on sale of investments and net change in unrealized depreciation in the value of investments) is (Rs.1,237,192) and (10.84%) of daily average net assets. Aggregate expenses (excluding initial issue expenses) are Rs.12,190 and 0.11% (annualized 1.00%) of daily average net assets of the Scheme.

**10. Aggregate Value of Purchases and Sales of Investments during the period**

(Rs. In Lacs)

Average Daily NAV	Purchase		Sale	
	Amount	% to NAV	Amount	% to NAV
114	159	138.96%	43	41.00%

**11. Net Asset Value (Per unit)**

(Rs.)

	As on March 31, 2003
Face Value	10.00
Net Asset Value	125.9663

**12. Cost & Market Value of Investments**

(Rs. In Lacs)

	Current Year	Previous Year
Cost	115.55	NA
Market Value	106.77	NA

Unrealised Depreciation in the value of investments is Rs.8.78 Lacs. (Previous Year: N.A.)

**13. Movement in Unit Capital**

	Current Year	
	Number of Units	Rs.
Balance as on April 1, 2002	–	–
Units allotted in the IPO (February 21, 2003)	85,119	8,51,190
Units issued during the period	–	–
Units redeemed during the period	–	–
Balance as on March 31, 2003	85,119	8,51,190

**14. Details of Large Holding**

There are no investors holding more than 25% of the Net Assets Value of the Scheme as on March 31, 2003.

**15. Income Tax**

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

**16. Investment Management Fees**

Management Fees is calculated on the daily average net assets (NAV). In terms of the Offer Document, the management fees is calculated @ 0.50% of daily average Net Assets of Junior BeES. The calculation of the same is follows:

	Amount in Rs.
Daily Average Net Assets (Previous Year)	11,408,600 (N.A.)
% of Management Fees First Rs.100 Crores	0.50% (Annualised)
Management Fees (Previous Year)	6,095 (N.A.)

**17. Trustee Fees**

In accordance with the terms of Offer Document, the Trustee fees has been charged @ 0.05% 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 safe keeping. In addition, ABN is reimbursed for custody and transaction charges levied by NSDL/CDSL.

**19. Registrar and Transfer Agents Fees and Expenses**

MCS Limited provides Registrar and Transfer Agency Services to the Fund for which it receives the fees based on daily average net assets of the Scheme.

- There are no investment made by Benchmark Trustee Company Pvt. Ltd. or Benchmark Asset Management Company Pvt. Ltd. in the Scheme.

21. The Scheme has made following investments in group/associate companies:

(Rs. In Lacs)

Name of the Associate	Aggregate of Investments during the period (at cost)	Outstanding investment at Market Value as on March 31, 2003
Bank of India	6.37	4.68
GTL Ltd.	1.97	0.95

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 except Rs.1,08,800 incurred for mobilizing initial subscription.

#### 24. Disclosure under Regulation 25(8)

The AMC has not paid any charges viz. Agency Commission, Brokerage to parties associated with the 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 March 31, 2003.

#### 26. Unclaimed Dividend/Redemption Amount

As at March 31, 2003, there were no unclaimed dividend or unclaimed redemption amounts.

#### 27. Registered Securities

The securities of the Scheme are registered in the name of the Scheme for the benefit of the Scheme's unit holders.

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

29. As this is the first financial statements of the Scheme, the previous year figures are not applicable. Revenue Account is drawn for the period February 21, 2003 to March 31, 2003.

30. The audited results for the period ended March 31, 2003 have been approved by the Benchmark Asset Management Company Pvt. Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) at their meeting held on July 28, 2003 respectively.

## BENCHMARK MUTUAL FUND

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)

Schedules forming part of Balance Sheet as at March 31,2003 and Revenue Account for the period ended March 31, 2003

### Schedule I - NOTES TO THE ACCOUNTS

(In Rupees)

HISTORICAL PER UNIT STATISTICS*		February 21, 2003 to March 31, 2003
a)	Net Asset Value per Unit at end of period	125.9663
b) i)	Income other than profit on sale of investments	0.23
ii)	Income (net) from profit on inter-scheme sales / transfer of investments	-
iii)	Income (net) from profit/(loss) on sale of investments to third parties	(4.45)
iv)	Transfer to revenue account from past year's reserve	-
c)	Aggregate of expenses, write off, amortisation and charges	2.28
d)	Net income/(loss) (b-c)	(6.50)
e)	Net Change in Unrealised depreciation in value of investments	(10.31)
f)	Repurchase Price during the period	
i)	Highest (March 6, 2003)	136.36
ii)	Lowest (March 31, 2003)	125.97
g)	Resale Price during the period	
i)	Highest (March 6, 2003)	136.36
ii)	Lowest (March 31, 2003)	125.97
h)	Market Price (The National Stock Exchange of India)	
i)	Highest (March 6, 2003)	142.80
ii)	Lowest (March 24, 2003)	122.00
i)	Price Earning Ratio**	(19.22)
j)	Ratio of expenses (excluding initial issue expenses amortised) to the average net assets @	1.00%

(In Rupees)

**HISTORICAL PER UNIT STATISTICS\***

**February 21, 2003  
to  
March 31, 2003**

k) Ratio of gross income (including net loss on sale/redemption of investments and net change in unrealised appreciation in value of investments) to average net assets @ -101.49%

\* The above per unit calculations with the exception of the net asset value are based on the number of units outstanding at the end of the period.

@ The ratio of expenses and Gross Income to daily average net assets by percentage has been Annualised.

\*\* Price Earning Ratio is based on the Closing Market Price on the National Stock Exchange of India Ltd. (NSE) as on March 31, 2003 and net income per unit.

**Signatures 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

Sd/-  
**J. M. Gandhi**  
Partner

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

Sd/-	Sd/-
<b>Dr. S. A. Dave</b>	<b>Dr. P. P. Shah</b>
Chairman	Director

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

Sd/-	Sd/-
<b>D. S. Mehta</b>	<b>S. R. Halbe</b>
Chairman	Director

Place : Mumbai  
Date : August 9, 2003

Sd/-  
**Vishal Jain**  
Fund Manager

**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) and Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) are the name of the Schemes 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. • Though ETFs are popular abroad, it is still a new concept in India. • 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.

**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 unitholders/investors may request a copy of the annual report of Benchmark Asset Management Company Pvt. Ltd.