

BENCHMARK
MUTUAL FUND

Annual Report
2003-2004

Nifty BeES[™]
Junior BeES[™]
Liquid BeES[™]

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BOARD OF DIRECTORS

**BENCHMARK TRUSTEE COMPANY
PVT. LTD.**

Dr. S. A. Dave, Chairman
Mr. D. B. Dhruv
Dr. P. P. Shah
Dr. A. C. 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 Pvt. 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

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: mcsmm@vsnl.com

CUSTODIAN

ABN Amro Bank NV
Brady House, 14, Veer Nariman Road
Fort, Mumbai - 400 023.
Tel: (91 22) 5658 5858.
Fax: (91 22) 2202 7969 / 2281 2589

AUDITORS

N.M. Rajji & Co.
6th Floor, Universal Insurance Building
P. M. Road
Mumbai - 400 001.

TRUSTEES' REPORT

For the Year ended March 31, 2004

Dear Unit holders,

We have pleasure in presenting our third report and the audited financial statements of the schemes of Benchmark Mutual Fund for the year ended March 31, 2004.

CONSTITUTION

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 indexing and quantitative approach to try achieving scheme's investment objective. Unlike other Funds, the Fund 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.

Also the Management Fees and other operating expense charged to the schemes are one of the lowest in the Mutual Fund Industry in India.

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 Capital Market Segment of the National Stock Exchange of India (NSE). The investment objective of Nifty BeES is to provide investment returns that, before expenses, closely correspond to the total returns of securities as represented by the 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 Capital Market Segment of National Stock Exchange of India (NSE). The investment objective of Junior BeES is to provide returns that, before expenses, closely correspond to the returns of securities as represented by the CNX Nifty Junior Index.

Liquid BeES

During the year under review, the Fund launched its third scheme, Liquid Benchmark Exchange Traded Scheme (Liquid BeES).

Liquid BeES is an open-ended listed Liquid Scheme in form of Exchange Traded Fund (ETF) listed on the Capital Market Segment of National Stock Exchange (NSE). The investment objective of the Scheme is to enhance returns and minimize price risk by investing in basket of call money, short-term government securities and money market instruments of short and medium maturities while maintaining the safety and liquidity.

The Initial Public Offer of Liquid BeES was open from July 1, 2003 to July 3, 2003. The face value of unit is Rs. 1,000/- and the units were allotted at par on July 8, 2003. The units of Liquid BeES were listed on the Capital Market Segment of the National Stock Exchange of India on July 16, 2003 on which date the scheme was opened for subscription and redemption on an ongoing basis.

PERFORMANCE REVIEW

Nifty BeES

As per the investment pattern of the Scheme, Nifty BeES invests at least 90% of its total assets in the stocks constituting S&P CNX Nifty 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 India Index Services & Products Ltd. (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)	28.17%	26.96%	29.72%
Last One Year	84.92%	80.85%	85.94%
Last Six Months	24.92%	25.04%	25.47%
Last Three Months	-5.80%	-5.74%	-5.55%
Last One Month	-1.64%	-1.58%	-1.57%

(Past performance may or may not be sustained)

Note: Returns less than one year are not annualised. The returns are calculated after considering the Bonus declared by the scheme in the ratio of 1:110 and dividend declared of Rs. 3/- per unit, the record date for which was February 21, 2003 and August 21, 2003 respectively.

For calculating returns since inception, the allotment price is taken at Rs. 104.3927 at which the units were allotted on December 28, 2001 in the Initial Public Offer.

Total assets under management in Nifty BeES as on March 31, 2004 were 8.66 crores held by 577 investors.

Tracking Error (Annualised)

Since Inception	0.12%
Last One Year	0.12%
Last Six Months	0.08%
Last Three Months	0.09%
Last One Month	0.06%

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

Junior BeES

As per the investment pattern, Junior BeES invests at least 90% of its total assets in the stocks constituting CNX Junior 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	121.05%	122.49%	128.10%
Last One Year	172.05%	168.58%	175.63%
Last Six Months	37.99%	38.06%	38.76%
Last Three Months	-0.39%	-0.40%	-0.20%
Last One Month	1.70%	1.85%	1.85%

(Past performance may or may not be sustained)

Note: Returns less than one year are absolute. The returns are calculated after considering dividend declared by the scheme @ Rs.4/- per unit and Bonus in the ratio of 1:4, the record date for which was February 19, 2004.

For calculating returns since inception, the allotment price is taken at Rs. 142.7852 at which the units were allotted on February 21, 2003 in the Initial Public Offer.

Total assets under management as on March 31, 2004 were 6.31 crores held by 117 investors.

Liquid BeES

As per the investment pattern, Liquid BeES invests in Call Money, Short Term Government Securities, T- Bills, Repos, Debt Securities, Commercial Papers, CDs, Short Term Debentures and Floating Rate Notes rated A and above.

The Scheme will retain the flexibility to invest in the entire range of securities as per investment objectives of the Scheme and as per the SEBI Regulations.

Fitch Credit Rating Agency has assigned Credit and Volatility Rating of AAA (ind) and V1+(ind) respectively to the Liquid BeES. AAA (ind) indicates that the fund portfolio provides highest protection against losses from credit defaults and V1+ (ind) indicates that the Fund has lowest market risk.

Performance Record

Particulars	Liquid BeES	Benchmark Returns Crisil Liquid Fund Index
Since Inception	4.42%	4.06%
Last Six Months	4.20%	3.96%
Last Three Months	3.97%	3.93%
Last One Month	3.99%	3.83%

Returns are Simple Annualised. The Scheme declares daily dividend which is compulsorily reinvested in the Scheme.

Total assets under management as on March 31, 2004 were 55.71 crores held by 375 investors.

TOTAL ASSETS UNDER MANAGEMENT

As on March 31, 2004 total assets under management were Rs.70.69 crores for all the three schemes.

FUTURE PLANS

The Fund has also received approval from Securities & Exchange Board of India for the following schemes:

1. Benchmark Fixed Maturity Fund
2. Benchmark Fund of Funds (FoF)
3. Benchmark Derivative Fund.
4. Banking Index Benchmark Exchange Traded Scheme (Bank BeES)

1. Benchmark Fixed Maturity Fund is close-ended Scheme with interval offer seeking to generate returns for investors through investment in Debt Securities and Money Market Instruments. The investment objective of the scheme is to generate regular returns by investing in a portfolio of fixed income securities normally maturing in line with the time profile of the scheme.
2. Benchmark Fund of Funds (FoF) is an Open Ended mutual fund scheme ("scheme") offering Nifty BeES Plan, Junior BeES Plan, Nifty 100 Plan, Nifty Balanced Plan and Nifty Systematically Trading Portfolios Plan (STraP). Benchmark FoF will primarily invest in schemes of Benchmark Mutual Fund. The investment objective of the Scheme is to generate returns and provide capital appreciation through investment primarily in underlying schemes of Benchmark Mutual Fund.
3. Benchmark Derivative Fund is an Open-ended Equity scheme with Interval Offer, investing in Equities, Derivatives, Debt Securities and Money Market Instruments. The investment objective of the Scheme is to provide returns similar to money market instruments and possibly an enhanced return due to the ability to take advantage in the underlying cash and derivative markets.
4. Bank BeES is an open-ended index scheme tracking CNX Bank Index, in the form of an Exchange Traded Fund (ETF) listed on the capital market segment of the National Stock Exchange of India Ltd. (NSE). The investment objective of Bank BeES is to provide returns that, before expenses, closely correspond to the total returns of the securities as represented by the CNX Bank Index.

The Fund has already launched the Benchmark Fund of Funds and Bank BeES. The initial public offer for Benchmark Fund of Funds closed on June 22, 2004 and for Bank BeES on May 26, 2004. The Fund would launch the other schemes at an appropriate time.

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-holders/investors 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 Securities and Exchange Board of India, National Stock Exchange of India, Service providers, Depositories, the investors, 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 : July 26, 2004

AUDITORS' REPORT

**The Board of Directors,
BENCHMARK TRUSTEE COMPANY PRIVATE LIMITED**

We have audited the attached Balance Sheet as at March 31, 2004 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 the 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 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 accounts 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.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes on accounts attached thereto, give a true & fair view in conformity with the generally accepted accounting principles in India:
 - a) In the case of Balance Sheet of Nifty BeES, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2004; and
 - b) In the case of Revenue Account of Nifty BeES, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the year ended March 31, 2004.

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

**Sd/-
J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : July 26, 2004

BENCHMARK MUTUAL FUND
Nifty Benchmark Exchange Traded Scheme (Nifty BeES)
Revenue Account for the year ended March 31, 2004

(In Rupees)

	Schedule	March 31, 2004	March 31, 2003
1. INCOME AND GAINS			
1.1 Dividend		2,373,623	1,302,440
1.2 Interest		-	-
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		26,123,691	825,710
1.4 Profit on inter-scheme transfer/sale of investments		-	-
1.5 Other income		453	-
1.6 Net change in unrealised appreciation/depreciation on Investments		29,691,479	-
Total		58,189,246	2,128,150
2. EXPENSES AND LOSSES			
2.1 Management & Operating expenses	G	649,112	529,692
2.2 Net Change in unrealised depreciation/appreciation 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)		5,712,395	1,006,700
2.5 Loss on inter-scheme transfer/sale of investments		-	-
Total		6,361,507	12,476,729
Surplus / (Deficit) for the year		51,827,739	(10,348,579)
Add/(Less) : Income Equalisation Account		(3,911,674)	2,415,645
Add/(Less) : Unrealised Appreciation on Investments transferred from/to Balance Sheet		(23,380,017)	4,628,875

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(In Rupees)

Schedule	March 31, 2004	March 31, 2003
	24,536,048	(3,304,059)
Balance brought forward from previous year	1,114,602	777,498
Add/(Less):Transfer from Unit Premium Reserve	-	4,297,345
Surplus available for distribution / (Deficit)	25,650,650	1,770,784
Appropriation		
Income Distribution	1,433,210	656,182
Balance carried to the Balance Sheet	24,217,440	1,114,602

Accounting Policies and Notes on Accounts

I

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

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

Sd/-
J. M. Gandhi
Partner
Membership No. 37924

Place : Mumbai
Date : July 26, 2004

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

BENCHMARK MUTUAL FUND*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2004 and Revenue Account for the year ended March 31, 2004***(In Rupees)*

	March 31, 2004	March 31, 2003
SCHEDULE A		
UNIT CAPITAL	4,874,766	9,177,367
Total	4,874,766	9,177,367
No. of Units of face value of Rs.10/- each	487,477	917,737
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	79,922,074	59,621,380
Add/(Less): on account of subscription/redemption of units	(45,756,326)	24,598,039
Less: Transfer to Revenue Account	-	(4,297,345)
Total	34,165,748	79,922,074
Unrealised Appreciation Reserve		
Opening Balance	-	4,628,875
Add/(Less) : Transfer from/to Revenue Account	23,380,017	(4,628,875)
Total	23,380,017	-
Surplus/Deficit		
Balance transferred from Revenue account	24,217,440	1,114,602
Total	24,217,440	1,114,602
GRAND TOTAL	81,763,205	81,036,676
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors	-	-
Contracts for purchase of investments	-	-
Management Fee payable	69,312	65,142
Trusteeship Fee payable	-	1,964
Others	114,248	151,671
Total (A)	183,560	218,777
B. Provisions		
	-	-
Total (B)	-	-
TOTAL (A) + (B)	183,560	218,777

(In Rupees)

March 31, 2004 March 31, 2003

SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31, 2004)

Equity Shares	86,635,320	90,183,857
Preference Shares	-	-
Privately Placed Debentures/Bonds	-	-
Debentures & Bonds Listed /awaiting listing on the Recognised Stock Exchange	-	-
Government Securities	-	-
Commercial Paper	-	-
Other Investments	-	-
Total	86,635,320	90,183,857

SCHEDULE E**DEPOSITS WITH SCHEDULED BANKS**

- Call Deposits	-	-
- Term Deposits	-	-
Total	-	-

SCHEDULE F**OTHER CURRENT ASSETS**

Balances with scheduled banks in current account	181,333	240,174
Sundry Debtors	-	-
Contracts for sale of investments	-	-
Outstanding and accrued income	4,878	7,236
Less : Provision for doubtful income	-	-
Shares/Debentures application money	-	-
Others	-	1,553
Total	186,211	248,963

SCHEDULE G**MANAGEMENT & OPERATING EXPENSES**

Management Fees	273,838	223,525
Trusteeship Fees	8,339	6,798
Registration and Legal Expenses	-	9,724
Commission to agents	-	-
Publicity Expenses	-	85,500
Bank Charges	29,108	100
Audit Fees	54,000	54,000
Custodian Fees	127,818	9,468
Registrar Expenses	33,275	26,782
Licensing Fees for Index	108,000	-
Other Operating Expenses	14,734	113,795
Total	649,112	529,692

BENCHMARK MUTUAL FUND

*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)
Schedules forming part of Balance Sheet as at March 31, 2004 and
Revenue Account for the year ended March 31, 2004*

Schedule - H Portfolio Holding Statement as on March 31, 2004

Name of the Company	Quantity	Market Value (Rs.)	Sub Total	% to Total
Aluminium				
National Aluminium Co Ltd	8,743	1,622,264		
Hindalco Industries Ltd	1,256	1,532,822	3,155,086	3.64%
Automobile Manufacturers				
Tata Motors Ltd	4,709	2,287,868		
Maruti Udyog Ltd	3,919	1,949,507		
Mahindra & Mahindra Ltd	1,573	730,816	4,968,190	5.73%
Banks				
State Bank Of India	7,146	4,329,404		
ICICI Bank Ltd.	8,365	2,478,550		
HDFC Bank Limited	3,864	1,463,490		
Oriental Bank Of Commerce	2,615	788,030	9,059,474	10.46%
Broadcasting & Cable TV				
Zee Telefilms Ltd.	5,600	750,120	750,120	0.87%
Commodity Chemicals				
Reliance Industries Ltd.	18,954	10,198,200		
Indian Petrochemicals Corporation Ltd.	3,369	613,158	10,811,358	12.48%
Construction & Engineering				
Larsen & Toubro Limited	3,374	1,937,857	1,937,857	2.24%
Construction Materials				
Gujarat Ambuja Cement Ltd	2,148	634,734		
Associated Cement Company Ltd	2,322	591,297	1,226,031	1.42%
Consumer Finance				
HDFC Ltd	3,331	2,142,666	2,142,666	2.47%
Diversified Chemicals				
Tata Chemicals Ltd	2,450	311,028	311,028	0.36%
Electric Utilities				
Reliance Energy Ltd	2,071	1,582,244		
Tata Power Co Ltd	2,686	1,013,025	2,595,269	3.00%
Gas Utilities				
Gail (India) Ltd	11,476	2,446,683	2,446,683	2.82%
Health Care Equipment				
Dabur India Ltd	3,887	311,154	311,154	0.36%
Heavy Electrical Equipment				
Bharat Heavy Electricals Ltd	3,321	2,007,046		
ABB Limited	571	455,173	2,462,219	2.84%

Name of the Company	Quantity	Market Value (Rs.)	Sub Total	% to Total
Hotels				
Indian Hotels Co Ltd	615	258,884	258,884	0.30%
Household Products				
Hindustan Lever Ltd	29,878	4,613,163		
Colgate Palmolive (I) Ltd	1,846	240,903	4,854,066	5.60%
Industrial Conglomerates				
Grasim Industries Ltd	1,247	1,331,796	1,331,796	1.54%
Integrated Telecommunication Services				
Bharti Tele-Ventures Ltd	25,155	3,919,149		
Mahanagar Telephone Nigam Ltd.	8,549	1,096,409		
Videsh Sanchar Nigam Ltd	3,866	792,917	5,808,475	6.70%
IT Consulting & Services				
Infosys Technologies Ltd	899	4,439,442		
Wipro Ltd	3,159	4,300,031		
Satyam Computer Services	4,287	1,258,878		
HCL Technologies Ltd	4,011	993,525		
Digital Globalsoft Ltd	454	381,723	11,373,598	13.13%
Marine				
Shipping Corp Of India Ltd.	3,834	487,685	487,685	0.56%
Motorcycle Manufacturers				
Hero Honda Limited	2,712	1,330,507		
Bajaj Auto Ltd	1,372	1,249,686	2,580,193	2.98%
Oil & Gas Refining & Marketing				
Hindustan Petroleum Corporation	4,603	2,334,411		
Bharat Petroleum Corporation Ltd	4,074	1,952,465	4,286,876	4.95%
Packaged Foods				
Tata Tea Ltd	765	253,636		
Britannia Ltd.	341	215,154	468,790	0.54%
Pharmaceuticals				
Ranbaxy Laboratories Ltd	2,521	2,369,110		
Dr. Reddy's Laboratories	1,037	1,010,401		
Cipla Ltd	816	957,862		
Sun Pharmaceuticals Ind.	1,260	820,890		
Glaxosmithkline Pharma Ltd	1,012	614,031	5,772,293	6.66%
Steel				
Tata Iron & Steel Company	5,009	1,921,703		
Steel Authority of India Ltd.	56,061	1,807,967	3,729,670	4.31%
Tobacco				
ITC Ltd	3,361	3,505,859	3,505,859	4.05%
Total			86,635,320	100.00%

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 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 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) and the units of Nifty BeES are listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE).

The investment objective of the scheme is to generate returns that, before expenses, closely correspond to the total returns of securities as represented by S&P CNX Nifty Index.

Subscription and Redemption of units of Nifty BeES is generally through the exchange of underlying securities forming part of the S&P CNX Nifty Index. The rounding off difference is settled in money value.

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 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 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. The scheme did not hold thinly traded/Non-traded or unlisted securities.

- f. In determining the holding cost of investment and gain and loss on sale of investments, '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 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 Entry/Exit Load

The Fund does not charge any entry/exit load on subscription/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 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 Scheme 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.12.
5. As per the terms of Offer Document, Annual Scheme Recurring Expenses in excess of 0.80% of daily average net assets of Nifty BeES 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. Nil).
8. Sale of investments yet to be settled: Rs. Nil (Previous Year Rs. Nil)
9. **Income and expenses**

Average Net Assets (Rs.)	Year Ended March 31, 04		Year Ended March 31, 03	
	8,31,66,708		6,79,82,390	
	Aggregate Value (Rs)	Percentage to Average Net Assets	Aggregate Value (Rs)	Percentage to Average Net Assets
Total income (including net profit/(loss) on sale/redemption of investments, profit on inter-scheme transfers and net change in unrealised appreciation/ (depreciation) in value of investments)	5,24,76,851	63.10%	(98,17,887)	(14.44%)
Total Expenditure (Annual Recurring Expenses)	6,49,112	0.78%	5,29,692	0.78%

10. **Aggregate Value of Purchases and Sales of Investments during the year**
(Rs. In Lacs)

	Current Year	Previous Year
Average Daily NAV	832	680
Purchases	709	469
% to NAV	85.22%	68.98%
Sales	1238	171
% to NAV	148.80%	25.44%

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

(Rs.)

	As on March 31, 2004	As on March 31, 2003
Face Value	10	10
Net Asset Value	177.7188	98.3008

12. Cost & Market Value of Investments

(Rs. In Lacs)

	Current Year	Previous Year
Cost	632.55	964.95
Market Value	866.35	901.84

Unrealised Appreciation in the value of investments is Rs.233.80 Lacs (Previous Year: Depreciation Rs.63.11 Lacs).

13. Movement of Unit Capital

	Current Year		Previous Year	
	Units	Rs.	Units	Rs.
Opening Units	9,17,737	91,77,367	6,31,631	63,16,310
Units issued during the Year	4,30,000	43,00,000	3,60,000	36,00,000
Units redeemed during the Year*	8,60,260	86,02,601	80,000	8,00,000
Units issued as Bonus	–	–	6,106	61,057
Units at the end of the Year	4,87,477	48,74,766	9,17,737	91,77,367

* Includes buy back of 260.18 fractional units pursuant to approval of Trustee vide their Board Resolution dated January 29, 2004.

14. Details of Large Holding

The details of investors holding more than 25% of the NAV of Nifty BeES as on March 31, 2004.

No. of Investors	Total Holding in percentage
1	48.74

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

Investment Management Fees is calculated on the daily average net assets (NAV) of the Scheme. 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 as follows:

	Amount in Rs.
Daily Average Net Assets (Previous Year)	83,166,708 (67,982,390)
% of Management Fees First Rs.100 Crores	0.35% (Annualized)
Management Fees (Previous Year)	273,838 (223,525)

17. 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 Nifty BeES.

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 depositories (i.e. NSDL/CDSL).

19. Registrar and Transfer Agents Fees and Expenses

MCS Limited provides Registrar and Transfer Agency Services to the Scheme 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 17,064 units in the Scheme as on March 31, 2004.

21. 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, 2004
Bajaj Auto Ltd.	9.23	12.50

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

23. 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.

24. Disclosure under Regulation 25(11)

Benchmark Mutual Fund has invested in the following company which has invested more than 5% of NAV of any scheme of Benchmark Mutual Fund:

Company which has invested	Scheme in which invested more than 5% of Net Assets	Scheme which has invested	Aggregate investment during the period under Regulation 25(11) - at cost (Rs. In Lacs)	Outstanding as on March 31, 2004 at market value (Rs. In Lacs)
Raymond Ltd.	Liquid BeES	Junior BeES	8.37	5.31

The investment in Raymond Ltd. is made as it is a constituent of CNX Nifty Junior Index. The Scheme has invested in Raymond Ltd. in the same weightage as the weightage of that Company in CNX Nifty Junior Index.

25. Unclaimed Dividend/Redemption Amount

As on March 31, 2004, unclaimed dividend amount is Rs.28,353 which represents 69 un-encashed dividend warrants expired as on March 31, 2004.

There are no unclaimed redemption amount in respect of the Scheme as on March 31, 2004.

26. Registered Securities

In accordance with Regulation 44(1) of SEBI (Mutual Funds) Regulations, 1996, the securities of the Scheme are registered in the name of the Scheme for the benefit of Scheme's unit holders.

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

28. The previous year figures have been regrouped/rearranged wherever necessary.

29. The audited results for the year ended March 31, 2004 have been approved by the Boards of Benchmark Asset Management Company Pvt. Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) at their meeting held on June 29, 2004 and July 26, 2004 respectively.

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 if any, and the text of the Scheme.
2. On written request, the present and prospective unit holders/investors may request a copy of the annual report of Benchmark Asset Management Company Pvt. Ltd.

BENCHMARK MUTUAL FUND*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2004
and Revenue Account for the year ended March 31, 2004****Schedule I - NOTES TO THE ACCOUNTS***(In Rupees)*

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2003 to March 31, 2004	April 1, 2002 to March 31, 2003	December 20, 2001 to March 31, 2002
a) Net Asset Value per Unit at the end of the year	177.7188	98.3008	112.9521
b) i) Income other than profit on sale of investments	4.87	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	41.87	(0.20)	13.53
iv) Transfer to revenue account from past year's reserve	-	-	-
c) Aggregate of expenses, write off, amortisation and charges	1.33	0.58	0.35
d) Net income/(loss) (b-c)	45.41	0.64	14.03
e) Net Change in Unrealised Appreciation/(Depreciation) in value of investments	60.91	(11.92)	7.33
f) Repurchase Price during the period			
i) Highest	199.0365	114.8143	119.3611
ii) Lowest	93.0431	93.7126	106.6953
g) Resale Price during the period			
i) Highest	199.0365	114.8143	119.3611
ii) Lowest	93.0431	93.7126	106.6953
h) Market Price (The National Stock Exchange of India)			
i) Highest	201.00	115.90	120.00
ii) Lowest	93.35	86.00	106.00
i) Price Earning Ratio **	3.89	152.99	8.09

Annual Report 2003 - 2004*(In Rupees)*

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2003 to March 31, 2004	April 1, 2002 to March 31, 2003	December 20, 2001 to March 31, 2002
j) Ratio of expenses to the average net assets @	0.78%	0.78%	0.80%
k) Ratio of gross income (including net loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments to average net assets @	63.10%	-14.44%	49.03%

* 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

@ Annualised

** Price Earning Ratio is based on the closing market price on the National Stock Exchange of India Ltd. on March 31, 2004, March 31, 2003 and March 28, 2002 and net income per unit respectively.

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
Membership No. 37924

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 : July 26, 2004

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, 2004 and the Revenue Account for the year 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 the 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 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 accounts 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.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes on accounts attached thereto, give a true & fair view in conformity with the generally accepted accounting principles in India:
 - a) In the case of Balance Sheet of Junior BeES, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2004; and
 - b) In the case of Revenue Account of Junior BeES, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the year ended March 31, 2004.

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

**Sd/-
J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : July 26, 2004

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Revenue Account for the year ended March 31, 2004***(In Rupees)*

	Schedule	March 31, 2004	March 31, 2003
1. INCOME AND GAINS			
1.1 Dividend		433,204	19,894
1.2 Interest		–	–
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		9,503,925	16,873
1.4 Profit on inter-scheme transfer/sale of investments		–	–
1.5 Other Income		350	–
1.6 Net change in unrealised appreciation/depreciation on Investments		4,638,304	–
Total		14,575,783	36,767
2. EXPENSES AND LOSSES			
2.1 Management & Operating Expenses	G	239,355	12,190
2.2 Net change in unrealised depreciation/appreciation on Investments		–	877,916
2.3 Provision for Doubtful Income		–	–
2.4 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		664,218	396,043
2.5 Loss on inter-scheme transfer/sale of investments		–	–
2.6 Initial Issue Expenses		–	182,225
Total		903,573	1,468,374
Surplus / (Deficit) for the year/period		13,672,210	(1,431,607)
Add/(Less) : Income Equalisation Account		10,758,119	–
Add/(Less) : Unrealised Appreciation on Investments transferred from/to Balance Sheet		(3,760,388)	–

Annual Report 2003 - 2004*(In Rupees)*

Schedule	March 31, 2004	March 31, 2003
	20,669,941	(1,431,607)
Balance brought forward from previous year	(1,431,607)	-
Surplus available for distribution / (Deficit)	19,238,334	(1,431,607)
Appropriation		
Income Distribution (Dividend)	852,476	-
Amount utilised for issue of Bonus Units	532,798	-
Balance carried to the Balance Sheet	17,853,060	(1,431,607)

Accounting Policies and Notes on Accounts**I**

The Schedules referred to herein form an intergral 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
Membership No. 37924

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 : July 26, 2004

Sd/-
Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedules forming part of Balance Sheet as at March 31, 2004 and Revenue Account for the year ended March 31, 2004***(In Rupees)*

	March 31, 2004	March 31, 2003
SCHEDULE A		
UNIT CAPITAL	2,323,988	851,190
Total	2,323,988	851,190
No of Units of face value of Rs 1.25 each (P.Y. Rs 10/- each)	1,859,190	85,119
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	11,302,543	-
Add/(Less): on account of subscription/redemption of units	27,820,422	11,302,543
Less: Transfer to Revenue Account	-	-
Total	39,122,965	11,302,543
Unrealised Appreciation Reserve		
Opening Balance	-	-
Add/(Less) : Transfer from/to Revenue Account	3,760,388	-
Total	3,760,388	-
Surplus/Deficit		
Balance transferred from Revenue account	17,853,060	(1,431,607)
Total	17,853,060	(1,431,607)
GRAND TOTAL	60,736,413	9,870,936
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Redemption Payable for unit repurchase	5,832,819	-
Contracts for purchase of investments	-	2,334,247
Management Fees payable	62,317	6,095
Unutilised Load	94,344	-
Trusteeship Fees payable	-	608
Others for Expenses	125,653	12,350
Total (A)	6,115,133	2,353,300
B. Provisions		
Total (B)	-	-
TOTAL (A) + (B)	6,115,133	2,353,300

(In Rupees)

March 31, 2004 March 31, 2003

SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31, 2004)

Equity Shares	62,901,550	10,676,769
Preference Shares	-	-
Privately Placed Debentures/Bonds	-	-
Debentures & Bonds Listed / awaiting listing on Recognised Stock Exchange	-	-
Government Securities	-	-
Commercial Paper	-	-
Other Investments	-	-
Total	62,901,550	10,676,769

SCHEDULE E**DEPOSITS WITH SCHEDULED BANKS**

- Call Deposits	-	-
- Term Deposits	-	-
Total	-	-

SCHEDULE F**OTHER CURRENT ASSETS**

Balances with scheduled banks in current account	441,166	49,472
Sundry Debtors	-	-
Contracts for sale of investments	5,832,818	2,349,185
Outstanding and accrued income	-	-
Less : Provision for doubtful income	-	-
Shares/Debentures application money	-	-
Others	-	-
Total	6,273,984	2,398,657

SCHEDULE G**MANAGEMENT & OPERATING EXPENSES**

Management Fees	118,897	6,095
Trusteeship Fees	12,045	608
Registration and Legal Expenses	-	-
Commission to agents	-	-
Publicity Expenses	-	-
Bank Charges	-	-
Audit Fees	54,000	-
Custodian Fees	33,414	5,487
Registrar Expenses	16,799	-
Other Operating Expenses	4,200	-
Total	239,355	12,190

BENCHMARK MUTUAL FUND

*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)
Schedules forming part of Balance Sheet as at March 31, 2004 and
Revenue Account for the year ended March 31, 2004*

Schedule - H – Portfolio Holding Statement as on March 31, 2004

Name of the Company	Quantity	Market Value (Rs.)	Sub Total	% to Total
(a) Listed				
Apparel & Accessories				
Raymond Ltd	2,961	531,203	531,203	0.84%
Auto Parts & Equipment				
Motor Industries Co Ltd	160	2,149,824	2,149,824	3.42%
Automobile Manufacturers				
Ashok Leyland Ltd	5,743	1,453,553	1,453,553	2.31%
Banks				
Punjab National Bank	12,822	4,287,036		
Bank Of Baroda	14,319	3,475,221		
Canara Bank Ltd	19,808	2,869,189		
Corporation Bank	6,933	1,941,587		
UTI Bank Ltd	11,174	1,661,015		
Indian Overseas Bank	26,324	1,478,093		
Bank Of India	23,570	1,388,273		
Union Bank Of India	22,262	1,173,207		
Andhra Bank	19,339	979,520		
Syndicate Bank	22,815	897,770		
Vysya Bank Ltd	1,086	521,823	20,672,734	32.87%
Biotechnology				
Wockhardt Life Sciences Ltd.	1,741	1,376,522	1,376,522	2.19%
Commodity Chemicals				
Asian Paints India Ltd	4,658	1,404,387	1,404,387	2.23%
Computer Hardware				
CMC Ltd	728	359,668	359,668	0.57%
Computer Storage & Peripherals				
Moser-Baer (I) Ltd	4,667	1,427,402	1,427,402	2.27%
Construction & Farm Machinery				
Punjab Tractors Ltd	2,927	657,404	657,404	1.05%
Consumer Finance				
LIC Housing Finance Ltd	3,624	663,192	663,192	1.05%
Diversified Financial Services				
Industrial Development Bank Of India	31,570	1,834,217		
Kotak Mahindra Finance Ltd	2,876	1,159,747		
IFCI Ltd	30,888	302,702	3,296,666	5.24%
Electrical Components & Equipment				
Bharat Electronics Ltd	3,855	1,914,586		
Siemens Ltd	1,599	1,571,257	3,485,843	5.54%

Name of the Company	Quantity	Market Value (Rs.)	Sub Total	% to Total
Highways & Railtracks				
Container Corp Of India Ltd	3,142	2,273,865	2,273,865	3.61%
Household Products				
Nirma Ltd	3,837	1,160,884	1,160,884	1.85%
Industrial Machinery				
Bharat Forge Co Ltd	1,815	1,331,575		
Cummins India Limited	9,582	941,911		
Ingersoll-Rand India Ltd	1,529	323,001	2,596,487	4.13%
Integrated Telecommunication Services				
Tata Teleservices (Maharastra)	67,967	1,104,464	1,104,464	1.76%
IT Consulting & Services				
I-Flex Solution Ltd	3,610	2,069,252		
Hughes Software Systems	1,641	850,776		
Mphasis BFL Limited	1,525	828,914		
Polaris Software Lab Ltd	4,712	827,192	4,576,134	7.28%
Marine				
Great Eastern Shipping Co	9,209	1,170,003	1,170,003	1.86%
Motorcycle Manufacturers				
TVS Suzuki Ltd.	11,174	960,964	960,964	1.53%
Oil & Gas Refining & Marketing				
Kochi Refineries Ltd	6,686	1,384,336		
MRPL	20,186	1,101,146		
Chennai Petroleum Corp Ltd	6,944	1,006,186		
Bongaigaon Refinery Ltd	9,659	749,055		
IBP Co Ltd	1,058	621,945	4,862,669	7.73%
Personal Products				
Gillette India Ltd	1,568	810,029	810,029	1.29%
Pharmaceuticals				
Cadila Healthcare Limited	3,037	1,379,102		
Nicholas Piramal India Ltd	1,834	1,366,422		
Aurobindo Pharma Ltd	2,237	837,980		
Aventis Pharma Limited	1,107	792,889		
Pfizer Limited	1,391	633,809	5,010,202	7.97%
Steel				
Jindal Vijayanagar Steel	62,393	511,623	511,623	0.81%
Tyres & Rubber				
Apollo Tyres Ltd	1,570	385,828	385,828	0.61%
Total (a)			62,901,550	100.00%
(b) Unlisted				
Kojam Fininvest Ltd	220	-	-	-
Total (b)			-	-
Total (a)+(b)			62,901,550	100.00%

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 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 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) and the units of Junior BeES are listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE).

The investment objective of the Scheme is to generate returns that, before expenses, closely correspond to the returns of securities as represented by CNX Nifty Junior Index.

Subscription and Redemption of units of Junior BeES is generally through the exchange of underlying securities forming part of the CNX Nifty Junior Index. The rounding off difference is settled in money value.

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 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/unlisted securities are valued in accordance with the guidelines issued by SEBI.

- f. In determining the holding cost of investments and gain and loss on sale of investments, '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 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 Entry/Exit Load

The load charged at the time of purchase and sale of units is utilised towards meeting distribution and marketing expenses, namely, commission to agents and publicity expenses. Unutilised amount of load is carried forward to subsequent year unless the same is considered excess by the Trustee/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 Scheme 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.12.
5. As per the terms of Offer Document, Annual Scheme Recurring Expenses in excess of 1.00% of daily average net assets of Junior BeES are borne by 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. 2,334,247).
8. Sale of investments yet to be settled: Rs. 58,32,818 (Previous Year: Rs. 2,349,185)
9. **Income and expenses**

Average Net Assets (Rs.)	Year Ended March 31, 04		Period Ended March 31, 03	
	2,40,25,110		1,14,08,600	
	Aggregate Value (Rs)	Percentage to Average Net Assets	Aggregate Value (Rs)	Percentage to Average Net Assets
Total income (including net profit/(loss) on sale/redemption of investments, profit on inter-scheme transfers and net change in unrealised appreciation/ (depreciation) in value of investments)	1,39,11,565	57.90%	(12,37,192)	(101.49%)
Total Expenditure (Annual Recurring Expenses)	2,39,355	1.00%	12,590	1.00%

10. **Aggregate Value of Purchases and Sales of Investments during the period**
(Rs. In Lacs)

	Current Year	Previous Year
Average Daily NAV	240.25	114.09
Purchases	896.06	159
% to NAV	372.96%	138.96%
Sales	508.97	43
% to NAV	211.85%	41.00%

11. **Net Asset Value (per unit)** (Rs.)

	As on March 31, 2004	As on March 31, 2003
Face Value*	1.25	10.00
Net Asset Value	33.9182*	125.9663

* Trustee at their Board Meeting held on January 29, 2004 has approved the split of each unit of Junior BeES having a face value of Rs.10/- each into 8 units of Junior BeES each having a face value of Rs.1.25. The record date for the same was February 19, 2004.

12. Cost & Market Value of Investments

(Rs. In Lacs)

	Current Year	Previous Year
Cost	591.41	115.55
Market Value	629.02	106.77

Unrealised Appreciation in the value of investments is Rs.37.60 Lacs. (Previous Year: Depreciation Rs. 8.78 Lacs)

13. Movement in Unit Capital

	Current Year		Previous Year	
	Units	Rs.	Units	Rs.
Initial Subscription/ Opening Units	85,119	8,51,190	85,119	8,51,190
Units issued till February 19, 2004	1,84,000	18,40,000	–	–
Units redeemed till February 19, 2004	56,000	5,60,000	–	–
Units as on February 19, 2004	2,13,119	21,31,190	–	–
Units issued as Bonus on February 19, 2004*	53,280	5,32,750	–	–
Total Units as on February 19, 2004	2,66,399	26,63,988	–	–
Reclassified into face value of Rs.1.25 each*	21,31,190	26,63,988	–	–
Units issued from February 20, 2004 to March 31, 2004	1,28,000	1,60,000	–	–
Units redeemed from February 20, 2004 to March 31, 2004	4,00,000	5,00,000	–	–
Units at the end of the Year	18,59,190	23,23,988	85,119	8,51,190

* The Trustees at its meeting held on January 29, 2004 had declared Bonus in the ratio of 1:4. On the basis of holding as on the record date, i.e. February 19, 2004, 53279.75 units of Rs.10/- each were issued as Bonus units. Subsequent to issue of bonus units, each unit having a face value of Rs.10 was split into 8 units each having a face value Rs.1.25.

14. Details of Large Holding

The details of investors holding more than 25% of the NAV of Junior BeES as on March 31, 2004

No. of Investors	Total Holding in percentage
1	44.11%

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

Investment Management Fees is calculated on the daily average net assets (NAV) of the Scheme. 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 as follows:

	Amount in Rs.
Daily Average Net Assets (Previous Year)	24,025,110 (11,408,600)
% of Management Fees First Rs.100 Crores	0.50% (Annualized)
Management Fees (Previous Year)	118,897 (6,095)

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 safekeeping. In addition, ABN is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

19. Registrar and Transfer Agents Fees and Expenses

MCS Limited provides Registrar and Transfer Agency Services to the Scheme 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 (AMC) has invested in the scheme during the year ended March 31, 2004 and the holding of AMC in the scheme as on March 31, 2004 is Nil.

21. 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	
	Current Year	Previous Year	March 31, 2004	March 31, 2003
Bank of India	16.53	6.37	13.88	4.68
GTL Ltd.	3.42	1.97	–	0.95

22. The Scheme has not made any investments in the issue lead managed by associate companies.
23. Commission to agents amounting to Rs.16,435 has been utilised from load collected.

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)

Junior BeES has invested in the following company which has invested more than 5% of NAV of Liquid BeES during the year ended March 31, 2004

Company which has invested	Aggregate investment during the period covered under Regulation 25(11) at cost (Rs. In Lacs)	Outstanding as on March 31, 2004 at market value (Rs. In Lacs)
Raymond Ltd.	8.37	5.31

The investment in Raymond Ltd. is made as it is a constituent of CNX Nifty Junior Index. The Scheme has invested in Raymond Ltd. in the same weightage as the weightage of that Company in CNX Nifty Junior Index.

26. Unclaimed Dividend/Redemption Amount

There were no unclaimed dividend or unclaimed redemption amounts in the Scheme as at March 31, 2004.

27. Registered Securities

In accordance with Regulation 44(1) of SEBI (Mutual Funds) Regulations, 1996, the securities of the Scheme are registered in the name of the Scheme for the benefit of Scheme's unit holders.

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

29. Since the Scheme was launched in February 2003, the accounts of the previous year were drawn from February 21, 2003 till March 31, 2003. Hence the previous period figures are not comparable with current year figures. The previous period figures have been regrouped/rearranged wherever necessary.
30. The audited results for the year ended March 31, 2004 have been approved by the Boards of Benchmark Asset Management Company Pvt. Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) at their meeting held on June 29, 2004 and July 27, 2004 respectively.

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 if any, and the text of the Scheme.
2. On written request, the present and prospective unit holders/investors may request a copy of the annual report of Benchmark Asset Management Company Pvt. Ltd.

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedules forming part of Balance Sheet as at March 31, 2004 and Revenue Account for the year ended March 31, 2004****Schedule I - NOTES TO THE ACCOUNTS***(In Rupees)*

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2003 to March 31, 2004	February 21, 2003 to March 31, 2003
a) Net Asset Value per Unit at the end of the period, F.V. Rs.1.25 each. (P.Y Rs.10 each)	33.9182	125.9663
b) i) Income other than profit on sale of investments	0.23	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	4.75	(4.45)
iv) Transfer to revenue account from past year's reserve	-	-
c) Aggregate of expenses, write off, amortisation and charges	0.13	2.28
d) Net income/(loss) (b-c)	4.86	(6.50)
e) Net Change in Unrealised Depreciation in value of investments	2.49	(10.31)
f) Repurchase Price during the period		
i) Highest \$	45.9829	136.3561
ii) Lowest	31.2583	125.9663
g) Resale Price during the period		
i) Highest \$	45.9829	136.3561
ii) Lowest	31.2583	125.9663
h) Market Price (The National Stock Exchange of India)		
i) Highest \$	46.16	142.80
ii) Lowest	28.20	122.00
i) Price Earning Ratio * *	6.94	(19.22)

(In Rupees)

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2003 to March 31, 2004	February 21, 2003 to March 31, 2003
j) Ratio of expenses (excluding initial issue expenses amortised) to the average net assets @	1.00%	1.00%
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 @	57.90%	-101.49%

\$ During the year, each unit of Junior BeES having a face value of Rs.10/- each was split into 8 units of Rs.1.25 each. In view of this Highest Repurchase Price, Resale Price and Market Price is shown w.r.t face value of Rs.1.25 each considering the split

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

@ Annualised.

** Price Earning Ratio is based on Closing Market Price on the National Stock Exchange of India Ltd. (NSE) on March 30, 2004 and March 30, 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
Membership No. 37924

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

Sd/-
Dr. S. A. Dave Sd/-
Chairman **Dr. P. P. Shah**
Director

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

Sd/-
D. S. Mehta Sd/-
Chairman **S. R. Halbe**
Director

Place : Mumbai
Date : July 26, 2004

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, 2004 and the Revenue Account for the period ended on that date annexed thereto, of Liquid Benchmark Exchange Traded Scheme (Liquid 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 the 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 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 accounts 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.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes on accounts attached thereto, give a true & fair view in conformity with the generally accepted accounting principles in India:
 - a) In the case of Balance Sheet of Liquid BeES, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2004; and
 - b) In the case of Revenue Account of Liquid BeES, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the period ended March 31, 2004.

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

**Sd/-
J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : July 26, 2004

BENCHMARK MUTUAL FUND
Liquid Benchmark Exchange Traded Scheme (Liquid BeES)
Revenue Account for the period ended March 31, 2004

(In Rupees)

	Schedule	March 31, 2004
1. INCOME & GAINS		
1.1 Dividend		-
1.2 Interest		10,312,357
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		-
1.4 Profit on inter-scheme transfer/sale of investments		-
1.5 Other Income		-
1.6 Net change in unrealised appreciation/depreciation on Investments		-
Total		10,312,357
2. EXPENSES AND LOSSES		
2.1 Management & Operating Expenses	G	784,378
2.2 Net change in unrealised depreciation/appreciation on Investments		-
2.3 Provision for doubtful income		-
2.4 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		-
2.5 Loss on inter-scheme transfer/sale of investments		-
2.6 Initial Issue Expenses		-
Total		784,378
Surplus for the period		9,527,979
Add/(Less) : Income Equalisation Account		-
Less : Unrealised Appreciation on Investments transferred to Balance Sheet		-
		9,527,979
Balance brought forward from previous year		-
Add/(Less) : Transfer from Unit Premium Reserve		-

BENCHMARK MUTUAL FUND*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Schedules forming part of Balance Sheet as at March 31, 2004
and Revenue Account for the period ended March 31, 2004***(In Rupees)*

March 31, 2004	
SCHEDULE A	
UNIT CAPITAL	557,199,977
Total	557,199,977
No of Units of face value of Rs.1000/- each	557,199.98
SCHEDULE B	
RESERVES & SURPLUS	
Unit Premium Reserve	
Opening Balance	-
Add/(Less): on account of subscription / redemption of units	-
Less: Transfer to Revenue Account	-
Total	-
Unrealised Appreciation Reserve	
Opening Balance	-
Add/(Less) : Transfer to/from Revenue Account	-
Total	-
Surplus/Deficit	
Balance transferred Revenue account	-
Total	-
GRAND TOTAL	
-	
SCHEDULE C	
CURRENT LIABILITIES & PROVISIONS	
A. Current Liabilities	
Sundry Creditors	-
Contracts for purchase of investments	-
Sundry Creditors for expenses	673,103
TDS Payable	162,275
Total (A)	835,378
B. Provisions	
Total (B)	-
TOTAL (A) + (B)	835,378

(In Rupees)

March 31, 2004

SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31,2004)

Equity Shares	—
Preference Shares	—
Privately Placed Debentures/Bonds	100,000,000
Debentures & Bonds Listed / awaiting listing on Recognised Stock Exchange	—
Government Securities	—
Commercial Paper	48,992,817
Total	148,992,817

SCHEDULE E**DEPOSITS WITH SCHEDULED BANKS**

- Call Deposits	—
- Term Deposits	404,181,479
Total	404,181,479

SCHEDULE F**OTHER CURRENT ASSETS**

Balances with banks in current account	481,280
Sundry Debtors	—
Contracts for sale of investments	—
Outstanding and accrued income	4,379,779
Less : Provision for doubtful income	—
Shares/Debentures application money	—
Others	—
Total	4,861,059

SCHEDULE G**MANAGEMENT & OTHER OPERATING EXPENSES**

Management Fees	—
Trusteeship Fees	19,067
Registration and legal expenses	—
Commission to Agents	—
Publicity Expenses	270,000
Bank Charges	2,477
Audit Fees	54,000
Custodian Fees	276,096
Registrar Expenses	148,738
Other operating expenses	14,000
Total	784,378

BENCHMARK MUTUAL FUND

Liquid Benchmark Exchange Traded Scheme (Liquid BeES)
Schedules forming part of Balance Sheet as at March 31, 2004 and
Revenue Account for the period ended March 31, 2004

Schedule - H – Portfolio Holding Statement as on March 31, 2004

Script Name	Quantity	Market Value	Sub Total	% to Total
Debt Instruments				
(A) Privately Placed/Unlisted NBFC				
Global Trade Finance				
Pvt. Ltd.*^ (FRN)	5.00	50,000,000.00		
L & T Finance Ltd	5.00	50,000,000.00	100,000,000.00	17.95%
(B) Money Market Instruments				
Commercial Paper				
Housing Finance				
IDBI Home Finance Ltd.	100.00	48,992,817.04	48,992,817.04	8.79%
Others – Fixed Deposits				
(1) Floating Rate Deposits^	209,345.00	209,345,000.00		
(2) Term Deposits	20,455,035.00	194,836,479.00	404,181,479.00	72.54%
Net Current Assets		4,025,681.96	4,025,681.96	0.72%
Total Net Assets			557,199,978.00	100.00%

*Thinly traded/non traded illiquid securities

^ Mibor Linked

BENCHMARK MUTUAL FUND

Liquid Benchmark Exchange Traded Scheme (Liquid 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 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 AMC") to the Fund.

Liquid Benchmark Exchange Traded Scheme (Liquid BeES) is an open-ended Liquid Scheme with daily dividend and compulsory reinvestment of dividend into the Scheme, in the form of exchange traded fund listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE). The scheme was open for initial subscription from July 1, 2003 to July 3, 2003. The face value of unit is Rs.1,000/- and the units were allotted at par on July 8, 2003. The units were listed on the Capital Market Segment of National Stock Exchange of India Ltd. (NSE) on July 16, 2003 on which date the scheme opened for subscription and redemption on an ongoing basis.

The investment objective of the Scheme is to enhance returns and minimize price risk by investing in basket of call money, short-term government securities and money market instruments of short and medium maturities while maintaining safety and liquidity.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 The method of accounting is on accrual basis.

2.2 Investments

- a. Purchase and sale of securities are recognised on trade date i.e. on the date 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. In respect of any privately placed debt instruments any front-end discount offered is reduced from the cost of investments.

c. Portfolio Valuation

For the purpose of financial statements, the Fund marks all investments to market and carries investment 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. In valuing the Scheme's investments:

- Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
 - If no sale is reported at that date, debt securities are valued at fair value as determined in accordance with the valuation policy of the Fund.
 - Non-traded and Thinly-traded debt securities are valued at fair value in good faith by the Asset Management Company in accordance with the guidelines for valuation of such securities specified by SEBI vide its circular dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India.
 - Privately placed debt securities are valued at fair value in good faith by the Asset Management Company in accordance with the guidelines for valuation of such securities specified by SEBI vide its circular.
 - Money market securities/Non traded/Thinly traded Debt Non-Government securities of up to 182 days of maturity are valued on the basis of amortization (Cost plus accrued interest basis) as prescribed by SEBI.
 - Non traded/Thinly traded Non-Government securities of over 182 days to maturity are valued on duration based yield to maturity as issued by an approved agency.
 - Government securities are valued at prices released by the Agency approved by AMFI. (in accordance with the SEBI Circular.)
- d. An investment is regarded as non-performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income/instalment has fallen due.

2.3 Income Recognition

- a. Interest on fixed income investments is recognised on accrual basis.
- b. Profit or loss on sale of investment is arrived at by applying weighted average cost on trade date.
- c. Income on non-performing assets (NPA) is recognised on cash basis.
- d. Other income of miscellaneous nature is accounted for when there is certainty of collection.

2.4 Provisions

Provision, if any, is made by charge to Revenue Account, in respect of:

- a. Non Performing Debt Securities as per the Guidelines prescribed by SEBI.
- b. Interest Outstanding for more than one quarter beyond due date.

2.5 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.

2.6 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.

2.7 Entry/Exit Load

The Fund does not charge any entry/exit load on subscription/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 2% of 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.

2.8 Initial Issue Expenses

Initial issue expenses of the Scheme are borne by the Asset Management Company.

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 Scheme 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.12.
5. As per the terms of Offer Document, Annual Scheme Recurring Expenses in excess of 1.10% of the daily average net assets 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
8. Sale of investments yet to be settled: Rs. Nil

9. Income and expenses

Average Net Assets (Rs. In Lacs)	Period Ended March 31, 2004	
	2,683.87	
	Aggregate Value (Rs)	Percentage of Average Net Assets (annualized)
Total income (including net profit/(loss) on sale/ redemption of investments, profit on inter-scheme transfers and net change in unrealised appreciation/ (depreciation) in value of investments)	1,03,12,357	5.25%
Total Expenditure (annual recurring expenses)	7,84,378	0.40%

10. Aggregate Value of Purchases and Sales of Investments (including matured) during the period

(Rs. In Lacs)

	Current Year
Average Daily NAV	2,683.87
Purchases	2,485.64
% to NAV	92.61%
Sales	1,000
% to NAV	37.26%

11. Net Asset Value (Per unit)

(Rs.)

	As on March 31, 2004
Face Value	1,000
Net Asset Value	1,000

12. Cost & Market Value of Investments

(Rs. In Lacs)

	Current Year
Cost	1,489.92
Market Value	1,489.92

Unrealized Appreciation/(Depreciation) in the value of investments is Rs. Nil.

13. Movement in Unit Capital

	Current Year	
	Units	Rs.
Initial Subscription/Opening Units	89,650	8,96,50,000
Units issued during the Period	5,79,259	57,92,59,000
Units issued towards reinvestment of Dividend during the period*	8,385	83,85,440
Units redeemed during the Period	1,20,094	12,00,94,440
Units at the end of the Period	5,57,200	55,72,00,000

* The Scheme declares daily dividend which is compulsorily reinvested in the Scheme.

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, 2004

No. of Investors	Total Holding in percentage
1	57.84%

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

Investment Management Fees is calculated on the daily average net assets (NAV) of the Scheme. In terms of the Offer Document, the AMC is entitled for management fees @ 0.30 % of daily average Net Assets of Liquid BeES. However, during the period ended March 31, 2004, the Asset Management Company did not charge the Investment Management Fees to the Scheme.

17. 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.

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 Depositories (i.e. 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.

20. During period ended March 31, 2004, Benchmark Trustee Company Pvt. Ltd. did not make any investment in the Scheme. Benchmark Asset Management Company Pvt. Ltd (AMC) has invested in the scheme during the period ended March 31, 2004 and holding of AMC in the scheme as on March 31, 2004 is 21,300.753 units.

21. The Scheme has not made any investment in any associate/group company.

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

23. Disclosure under Regulation 25(8)

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

24. Disclosure under Regulation 25(11)

Junior BeES has invested in the following company which has invested more than 5% of NAV of Liquid BeES during the period ended March 31, 2004

Company which has invested	Aggregate investment during the period covered under Regulation 25(11) at cost (Rs. In Lacs)	Outstanding as on March 31, 2004 at market value (Rs. In Lacs)
Raymond Ltd.	8.37	5.31

25. Unclaimed Dividend/Redemption Amount

As at March 31, 2004, there were no unclaimed dividend or unclaimed redemption amounts in the Scheme.

26. Registered Securities

In accordance with Regulation 44(1) of SEBI (Mutual Funds) Regulations, 1996, the securities of the Scheme are registered in the name of Scheme for the benefit of Scheme's unit holders.

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

28. As this is the first financial statement of the Scheme, the previous year figures are not applicable. Revenue Account is drawn for the period July 8, 2003 to March 31, 2004.
29. The audited results for the period ended March 31, 2004 have been approved by the Boards of Benchmark Asset Management Company Pvt. Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) at their meeting held on June 29, 2004 and July 26, 2004 respectively.

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 if any, and the text of the Scheme.
2. On written request, the present and prospective unit holders/investors may request a copy of the annual report of Benchmark Asset Management Company Pvt. Ltd.

BENCHMARK MUTUAL FUND*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Schedules forming part of Balance Sheet as at March 31,2004 and
Revenue Account for the period ended March 31, 2004****Schedule I - NOTES TO THE ACCOUNTS***(In Rupees)*

HISTORICAL PER UNIT STATISTICS *	July 8, 2003 to March 31, 2004
a) Net Asset Value per Unit at the end of the period	1,000.0000
b) i) Income other than profit on sale of investments	18.51
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	-
iv) Transfer to revenue account from past year's reserve	-
c) Aggregate of expenses, write off, amortisation and charges	1.41
d) Net income/(loss) (b-c)	17.10
e) Net Change in Unrealised depreciation in value of investments	-
f) Repurchase Price during the period	
i) Highest	1,000.00
ii) Lowest	1,000.00
g) Resale Price during the period	
i) Highest	1,000.00
ii) Lowest	1,000.00
h) Market Price (The National Stock Exchange of India)	
i) Highest	1,010.00
ii) Lowest	999.90
i) Price Earning Ratio * *	58.48
j) Ratio of expenses (excluding initial issue expenses amortised) to the average net assets @	0.40%

(In Rupees)

HISTORICAL PER UNIT STATISTICS *

**July 8, 2003
to
March 31, 2004**

k) Ratio of gross income (including net loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments) to average net assets @	5.25%
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* 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.

@ Annualised

** Price Earning Ratio is based on the Closing Market Price on the National Stock Exchange of India Ltd. (NSE) as on March 31, 2004 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
Membership No. 37924

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 : July 26, 2004

Sd/-
Sanjiv Shah
Executive Director

DIVIDENDS/BONUS DECLARED BY THE FUND

Dividends/Bonus declared by the schemes of Benchmark Mutual Fund are listed below. This should serve as a handy reference for confirming whether you have received all dividend payments or bonus units while you were an investor in any of the following schemes:

Financial Year 2002-03

Scheme Name	Bonus Ratio	Record Date
Nifty BeES	1 unit for every 110 units held	February 21, 2003

Financial Year 2003-04**Dividend**

Scheme Name	Dividend Declared p.u.	Record Date
Nifty BeES	Rs. 3.00	August 21, 2003
Junior BeES	Rs 4.00	February 19, 2004

Bonus

Scheme Name	Bonus Ratio	Record Date
Junior BeES	1 unit for every 4 units held	February 19, 2004

Note: After dividend and bonus in Junior BeES, each unit of Junior BeES having a face value of Rs.10 each was split into eight units having a face value of Rs.1.25 each.

Thus investor holding one unit of Junior BeES of Rs.10/- each on the record date (i.e. February 19, 2004) would have received dividend of Rs.4 and 10 units of Rs.1.25 after bonus and split.

In Liquid BeES, the Fund declares daily dividend which is compulsorily reinvested in the scheme. The details of dividend declared on daily basis and reinvestment units can be obtained from our website www.benchmarkfunds.com.

On Tap buy back of fractional units of Liquid BeES

Liquid BeES is the world's first Liquid Mutual Fund Scheme listed on a Stock Exchange. The units are listed on the capital market segment of the National Stock Exchange of India Ltd. (NSE) and minimum lot for trading is 1 (one) unit.

The Scheme declares daily dividend and the same is compulsorily reinvested in the scheme on daily basis. The units arising out of dividend reinvestment result into fractional units. The dividend reinvestment units are uploaded periodically in the beneficiary account of the unit holder held with the depository. The units are uploaded upto 3 decimals to ensure that no amount is lost due to rounding off.

National Securities Depository Ltd. and Central Depository Services (India) Ltd. and many of the depository participants have waived the Custody Charges and transaction charges for Liquid BeES.

As the minimum trading lot on NSE is 1 (One) unit, the fractional units of Liquid BeES cannot be traded on NSE. In order to provide the exit option to investor who are holding fractional units of Liquid BeES in their Demat Account, Benchmark Asset Management Company Pvt. Ltd. (AMC to Benchmark Mutual Fund) provides on tap buy back of fractional units of Liquid BeES. This buy back is free without any load or service charges.

The investor should follow the simple two-step process as explained below for buy back of fractional units of Liquid BeES :

1. Transfer the Units to the following Demat account of Benchmark AMC Pvt. Ltd

DP ID: IN302390

DP Name: Yogesh Securities Pvt Ltd

Client ID: 10006747

Client Name: Benchmark Asset Management Company Pvt Ltd.

2. Send Intimation to AMC

On completion of transfer, send intimation to AMC either through e-mail/Fax/ letter to:

Benchmark Asset Management Company Pvt Ltd

602, Maker Bhavan No.3,

21, New Marine Lines,

Mumbai 400 020

Tel.: 022 2200 3389

Fax: 022 2200 3412

E-Mail: praveen@benchmarkfunds.com or rajesh@benchmarkfunds.com

The intimation should contain the following details:

1. DP ID of source account
2. Client ID of Source account
3. Investor Name and address
4. Bank Account details of the Investor
5. Number of fractional units transferred

On receipt of the units and intimation, the AMC will mail the amount due to the investor within reasonable time.

Investor should note that facility for buy back of Liquid BeES is only for fractional Units. Units in lot of 1 or in multiples of 1 should be sold on the exchange only.

STATUTORY DETAILS:

Benchmark Mutual Fund has been 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 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(s) 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), Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) and Liquid Benchmark exchange Traded Scheme (Liquid BeES) are the names of the Scheme and do not in any manner indicate either the quality of the Scheme(s) or its future prospects and the returns. • Investors are 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. 1 lac 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 fluctuations in the Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock 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.

BENCHMARK
MUTUAL FUND

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website : <http://www.benchmarkfunds.com>