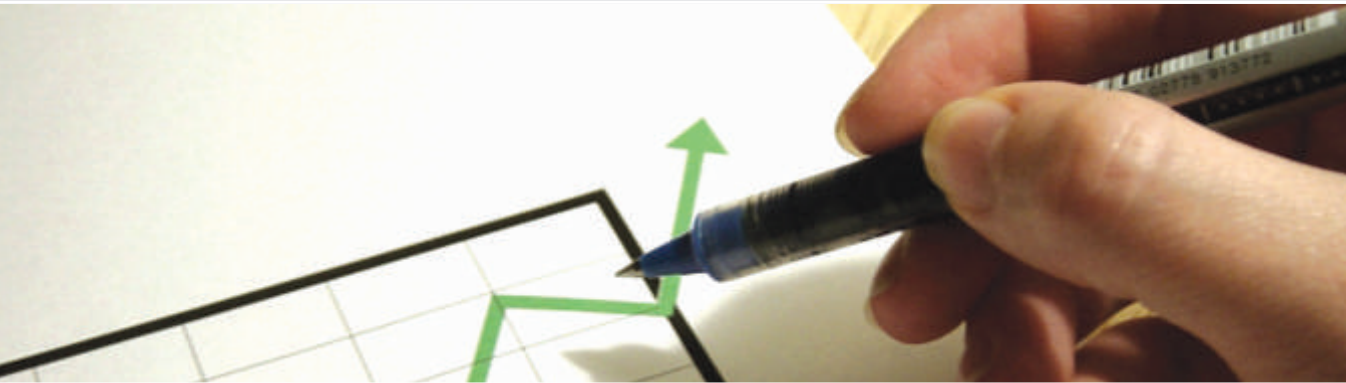


ANNUAL REPORT 2005-06



BENCHMARK
M U T U A L F U N D

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

E-mail: webmaster@benchmarkfunds.com

Contact No. : 91-22-66512727

Fax No. : 91-22-22003412

Toll Free No. : 1800-22-5079

BOARD OF DIRECTORS

**BENCHMARK TRUSTEE COMPANY
PVT. LTD.**

Dr. S. A. Dave, Chairman
Dr. A. C. Shah
Dr. P. P. Shah
Mr. Shirraj Dhruv

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

INVESTMENT MANAGER

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

405, Raheja Chambers
Free Press Journal Marg
213, Nariman Point
Mumbai - 400 021
Tel: (91 22) 6651 2727
Fax: (91 22) 2200 3412
Visit us at <http://www.benchmarkfunds.com>
E-Mail: webmaster@benchmarkfunds.com

CUSTODIANS

Citibank N.A.

Ramnord House, 77, Dr. A. B. Road
Worli, Mumbai - 400 018
Tel : (91 22) 2497 5301
Fax : (91 22) 2493 7620

ICICI Bank Ltd.

Empire Complex, F7/E7, 1st Floor
414, Senapati Bapat Marg
Lower Parel, Mumbai - 400 013
Tel: (91 22) 6667 2069
Fax: (91 22) 6667 2779

**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

TRUSTEE

Benchmark Trustee Company Pvt. Ltd.

405, Raheja Chambers
Free Press Journal Marg
213, Nariman Point
Mumbai - 400 021
Tel: (91 22) 6651 2727
Fax: (91 22) 2200 3412

REGISTRAR & TRANSFER AGENTS

MCS Ltd.

Harmony, 1st Floor, Sector 1
Khanda, New Panvel (W)
Dist. Raigad - 421 206
Tel: (91 22) 2749 2003-10
Fax: (91 22) 2749 2005

Karvy Computershare Pvt. Ltd.

Karvy Plaza No. 8-2-596
Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034
Tel : (91 40) 2231 2454
Fax : (91 40) 2331 1968

AUDITORS

N.M. Raiji & Co.

6th Floor, Universal Insurance Building
P. M. Road
Mumbai - 400 001

Dalal & Shah

"The Regency", Office No. 11
1st Floor, National Library Road
Bandra (W), Mumbai - 400 050

TRUSTEES' REPORT

For the Year ended March 31, 2006

Dear Unit holders,

We have pleasure in presenting our fifth report and the audited financial statements of the Schemes of Benchmark Mutual Fund for the year ended March 31, 2006.

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 achieve Schemes' investment objective. Unlike other Funds, the Fund does not try to beat the markets they track and does 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 risks associated with active management with regard to over/underperformance vis-à-vis a benchmark.

Also the management fees and other operating expenses charged to the Schemes are one of the lowest in the Mutual Fund Industry in India.

INVESTMENT OBJECTIVE OF THE SCHEMES

1. Nifty BeES

Nifty Benchmark Exchange Traded Scheme (Nifty BeES) is an open ended index scheme in the form of an Exchange Traded Fund (ETF), tracking S&P CNX Nifty Index and is listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (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 S&P CNX Nifty Index.

2. Junior BeES

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES) is an open ended index scheme in the form of an Exchange Traded Fund (ETF), tracking CNX Nifty Junior Index and is listed on the Capital Market Segment of National Stock Exchange of India Ltd. (NSE). The investment objective of Junior BeES is to provide returns that, before expenses, closely correspond to the returns of securities as represented by CNX Nifty Junior Index.

3. Liquid BeES

Liquid Benchmark Exchange Traded Scheme (Liquid BeES) is an open ended listed liquid scheme in the form of an Exchange Traded Fund (ETF) listed on the Capital Market Segment of National Stock Exchange of India Ltd. (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.

4. Bank BeES

Banking Index Benchmark Exchange Traded Scheme (Bank BeES) is an open ended index scheme in the form of an Exchange Traded Fund (ETF), tracking CNX Bank Index and is listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE). The investment objective of the Scheme is to provide returns that, before expenses, closely correspond to the total returns of the securities as represented by CNX Bank Index.

5. Benchmark Derivative Fund (BDF)

Benchmark Derivative Fund (BDF) is an open ended debt scheme, investing in Equities, Derivatives, Debt Securities and Money Market Instruments. The investment objective of the Scheme is to provide absolute returns over and above money market instruments by taking advantage in the underlying cash and derivative markets. Various strategies are used as return enhancers.

6. Benchmark Split Capital Fund - Balanced (SCF - Balanced)

Benchmark Split Capital Fund - Balanced (SCF - Balanced) is a close ended balanced scheme with maturity period of 3 years which has two classes of units, namely Class A or Preferred Units and Class B or Capital units. The Class A and Class B units of the Scheme are listed on the Capital Market Segment of National Stock Exchange of India Ltd.

The investment objective of the Scheme is to invest in equity and debt securities and pass on the collection proceeds to Class A and Class B Unit holders in accordance with the Priority of Distributions. The Class A units would be provided a specific participation rate in the return of S&P CNX Nifty and will have priority over Class B units for distribution. The Scheme would provide 40% participation in the equity markets for Class A units holders. Thus the holder of Class A would receive 40% of the returns of S&P CNX Nifty on the date of maturity. For example if the S&P CNX Nifty is at 1,500 on the date of allotment and has moved to 3,000 (i.e. it has gained by 100%) on the date of maturity, Class A unit holders would be entitled to 40% of returns (i.e. 40% of 100%). If S&P CNX Nifty has moved below 1,500 on the date of maturity, Class A unit holders would receive from the assets available for distribution for redemption on the date of maturity subject to the maximum of its face value. Such redemption value may go below the face value also if on the date of maturity, the assets available on that date are not sufficient to redeem the Class A units fully.

The New Fund Offer of Benchmark Split Capital Fund - Balanced (SCF - Balanced) - Class A opened for public subscription on June 22, 2005 and closed on July 19, 2005 and Class B opened on June 22, 2005 and closed on July 21, 2005. The Scheme collected Rs. 4,29,24,073 in the New Fund Offer. The units of the Scheme were allotted on August 16, 2005 at Rs.102.25.

7. Benchmark Fund of Funds (FoF)

Junior BeES Plan - Dividend Option was a Plan issued under the Benchmark Fund of Funds (FoF). The investment objective of the Scheme was to generate returns and provide capital appreciation through investment primarily in Junior BeES, a Scheme of Benchmark Mutual Fund.

During the year under review, Junior BeES Plan - Dividend Option did not comply with the criteria specified by Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, with respect to minimum number of investors and maximum holding on average basis by a single unit holder. Accordingly, Junior BeES Plan - Dividend Option was wound up on May 20, 2005.

PERFORMANCE REVIEW

1. 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	33.62%	32.29%	35.00%
Last Three Years	54.41%	51.46%	54.81%
Last One Year	69.00%	67.15%	70.01%
Last Six Months	31.00%	30.80%	31.40%
Last Three Months	19.94%	19.95%	20.14%
Last One Month	10.64%	10.66%	10.70%

Returns less than one year are absolute and more than one year compounded annualised.

Past performance may or may not be sustained.

Note: The returns are calculated after considering the following income distribution:

Type of Distribution	Record Date	Rate/Ratio
Dividend	February 18, 2005	Rs. 3.50 per unit
Dividend	August 21, 2003	Rs. 3.00 per unit
Bonus	February 21, 2003	1 : 110 units

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 New Fund Offer.

Total assets under management in Nifty BeES as on March 31, 2006 were Rs. 161.70 crores held by 425 investors.

Annualised Tracking Error since inception is 0.10%. It is calculated with respect to Total Return S&P CNX Nifty Index.

2. Junior BeES

As per the investment pattern, Junior BeES invests at least 90% of its total assets in the stocks constituting CNX Nifty 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, by IISL, 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	63.79%	63.68%	66.48%
Last Three Years	72.72%	71.94%	75.42%
Last One Year	50.38%	49.99%	51.90%
Last Six Months	20.52%	20.90%	21.17%
Last Three Months	15.49%	15.71%	15.83%
Last One Month	7.37%	7.47%	7.50%

Returns less than one year are absolute and more than one year compounded annualised.

Past performance may or may not be sustained.

The returns are calculated after considering a dividend declared by the Scheme @ Rs. 4 per unit and Bonus in the ratio of 1 unit for every 4 units held, the record date for which was February 19, 2004. After dividend and bonus, each unit was split into 8 units having face value of Rs.1.25 each.

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 New Fund Offer.

Total assets under management as on March 31, 2006 were Rs.6.16 crores held by 159 investors.

Annualised Tracking Error since inception is 0.19%. It is calculated with respect to Total Return CNX Nifty Junior Index.

3. 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 Liquid BeES. AAA (ind) indicates that the portfolio of the Scheme provides highest protection against losses from credit defaults. V1+ (ind) indicates that the Scheme has lowest market risk.

Performance Record

Particulars	Liquid BeES	Benchmark Returns Crisil Liquid Fund Index
Since Inception	4.83%	4.40%
Last One Year	5.59%	4.86%
Last Six Months	5.91%	4.89%
Last Three Months	6.45%	5.28%
Last One Month	6.65%	5.73%

The date of allotment of the units of the Scheme was July 8, 2003.

Past performance may or may not be sustained.

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

Total assets under management as on March 31, 2006 were Rs.142.72 crores held by 1132 investors.

4. Bank BeES

As per the investment pattern, Bank BeES invests at least 90% of its total assets in the stocks constituting CNX Bank Index. The Scheme may hold upto 10% of its total assets in stocks not included in the corresponding underlying index.

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

Performance Record

Particulars	Bank BeES	Benchmark Returns	
		CNX Bank Index	CNX Bank Total Return Index
Since Inception	40.70%	39.31%	42.17%
Last One Year	32.47%	31.81%	33.88%
Last Six Months	0.67%	0.85%	0.98%
Last Three Months	2.58%	2.81%	2.85%
Last One Month	1.64%	1.80%	1.80%

Returns less than one year are absolute and more than one year compounded annualised.

Past performance may or may not be sustained.

For calculating returns since inception, the allotment price is taken at Rs. 253.5576 at which the units were allotted on May 27, 2004 in the New Fund Offer.

Total assets under management as on March 31, 2006 were Rs. 533.03 crores held by 78 investors.

Annualised Tracking Error since inception is 0.43%. It is calculated with respect to Total Return CNX Bank Index.

5. Benchmark Derivative Fund (BDF)

As per the investment pattern, Benchmark Derivative Fund invests 10%-75% in Equities and Convertible Debentures, 0%-50% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options, 25%-90% in Money market, Debt instruments and cash at call.

When the opportunities are available in the cash and derivative market, Benchmark Derivative Fund invests 50%-75% in Equities and Convertible Debentures, 50% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options and 25%-50% in Money market, Debt instruments and cash at call.

When very few opportunities are available in the cash and derivative market, Benchmark Derivative Fund invests 10%-25% in Equities and Convertible Debentures, 0%-25% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options and 75%-90% in Money market, Debt instruments and cash at call.

Performance Record

Particulars	Benchmark Derivative Fund - Growth Option	Benchmark Derivative Fund - Dividend Option	Benchmark Returns		
			S&P CNX Nifty Index	Crisil Composite Bond Fund Index	Crisil Liquid Fund Index
Since Inception	5.77%	6.80%	50.64%	4.15%	4.80%
Last One Year	6.70%	N. A.	67.15%	3.30%	4.86%
Last Six Months	3.24%	N. A.	30.80%	0.58%	2.45%
Last Three Months	1.62%	1.60%	19.95%	0.04%	1.35%
Last One Month	0.39%	0.39%	10.66%	(0.12%)	0.49%

Returns less than one year are absolute and more than one year compounded annualised.

Past performance may or may not be sustained.

For calculating returns since inception, the allotment price for Growth Option is taken at Rs. 1,000/- at which the units were allotted on December 18, 2004 in the New Fund Offer and for Dividend Option is taken at Rs. 1,000/- at which the units were allotted on September 30, 2005.

Total assets under management as on March 31, 2006 were Rs. 133.99 crores held by 601 investors.

6. Benchmark Split Capital Fund - Balanced (SCF - Balanced)

As per the investment pattern, SCF - Balanced invests 30%-70% in equity and equity related instruments, 30%-50% in debt securities including securitized debt and 0%-30% in money market instrument or government securities. The Scheme tracks S&P CNX Nifty and is close ended passively managed scheme.

Performance Record

Particulars	Benchmark Split Capital Fund-Balanced		Benchmark Returns S&P CNX Nifty
	Class A	Class B	
Since Inception	16.62%	13.42%	43.58%
Last Six Months	12.29%	10.86%	30.80%
Last Three Months	8.82%	6.28%	19.95%
Last One Month	3.46%	3.66%	10.66%

Returns are absolute, as the Scheme has not completed one year.

Past performance may or may not be sustained.

For calculating returns since inception, the allotment price has been taken as Rs.102.25 and the units were allotted on August 16, 2005 in the New Fund Offer

Total assets under management as on March 31, 2006 were Rs.4.85 crores held by 836 investors.

TOTAL ASSETS UNDER MANAGEMENT

As on March 31, 2006 total assets under management were Rs.982.45 crores for all the Schemes.

FUTURE PLANS

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

Sr. No	Name of the Indices	Name the Scheme
1.	S&P CNX Automobiles 4 Wheeler Index	Auto BeES
2.	S&P CNX Cement and Cement Product Index	Cement BeES
3.	S&P CNX Electrical Equipment Index	Eleq BeES
4.	S&P CNX Pharmaceutical Index	Pharma BeES
5.	S&P CNX Power Index	Power BeES
6.	S&P CNX Steel and Steel Products Index	Steel BeES
7.	S&P CNX Telecom Services Index	Telecom BeES
8.	CNX IT Index	IT BeES
9.	CNX Services Index	Services BeES

Further, the Fund has also filed seven offer documents with SEBI. The details of the Schemes for which offer document has been filed are:

1. Combined Offer Document for three open ended schemes (i) Benchmark Currency Fund - USD an open ended Foreign Securities Liquid Scheme (ii) Benchmark Currency Fund - EUR an open ended Foreign Securities Liquid Scheme and (iii) Benchmark Currency Fund - GBP an open ended Foreign Securities Liquid Scheme.

The Investment Objective of the Schemes are :

- (i) The investment objective of Benchmark Currency Fund - USD is to provide returns commensurate with currency movement of Rupee versus the US Dollars plus money market returns in US Dollar after expenses. This will be achieved by investing primarily in top rated US Dollars based money market mutual funds and money market securities.
 - (ii) The investment objective of Benchmark Currency Fund - EUR is to provide returns commensurate with currency movement of Rupee versus the Euro plus money market returns in Euro after expenses. This will be achieved by investing primarily in top rated Euro based money market mutual funds and money market securities.
 - (iii) The investment objective of Benchmark Currency Fund - GBP is to provide returns commensurate with currency movement of Rupee versus the Great Britain Pound plus money market returns in Great Britain Pounds after expenses. This will be achieved by investing primarily in top rated Great Britain Pounds based money market mutual funds and money market securities.
2. Offer Document for Benchmark Inverse Index Fund which is an open ended Scheme that seeks daily investment results which corresponds to the inverse i.e. opposite of the daily performance of S&P CNX Nifty, before fees and expenses.
 3. Offer Document of Benchmark Derivative Opportunities Fund which is an open ended Scheme that seeks to provide absolute returns by taking advantage of opportunities in the underlying cash and derivative markets and through deployment of surplus cash in fixed income securities by employing Flow Trading, Relative Value strategies, etc.
 4. Offer Document of Benchmark Derivative Fund Plus which is an open ended Scheme that seeks to provide absolute returns over and above money market instruments by taking advantage in the underlying cash and derivative markets.
 5. Offer Document of Gold Benchmark Exchange Traded Scheme (Gold BeES) which is an ETF that seeks to provide returns that, before expenses, closely correspond to the returns provided by domestic price of gold through investment in physical Gold.

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 the 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 Schemes. 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)

Dr. S. A. Dave
Chairman

Place : Mumbai
Dated : June 23, 2006

AUDITORS' REPORT

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

We have audited the attached Balance Sheet as at March 31, 2006 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 Funds) 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 Trustee 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 to 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, 2006; 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, 2006.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND
Nifty Benchmark Exchange Traded Scheme (Nifty BeES)

Balance Sheet as at March 31, 2006

(In Rupees)

	Schedule	March 31, 2006	March 31, 2005
LIABILITIES			
1. Unit Capital	A	46,974,766	10,874,766
2. Reserves & Surplus	B	1,163,428,407	173,737,629
3. Unrealised Appreciation in value of Investments		406,575,127	36,891,268
		1,616,978,300	221,503,663
4. Current Liabilities & Provisions	C	2,494,347	3,078,074
Total		1,619,472,647	224,581,737
ASSETS			
1. Investments	D	1,613,269,434	221,000,388
2. Other Current Assets	E	6,203,213	3,581,349
Total		1,619,472,647	224,581,737

Accounting Policies and Notes to Accounts **H**

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S.A.Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND
Nifty Benchmark Exchange Traded Scheme (Nifty BeES)
Revenue Account for the year ended March 31, 2006

(In Rupees)

	Schedule	March 31, 2006	March 31, 2005
1. INCOME AND GAINS			
1.1 Dividend		12,229,216	4,125,118
1.2 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		123,203,834	32,509,481
1.3 Other income		1,791	6,738
1.4 Net change in unrealised appreciation/(depreciation) on Investments		369,683,859	13,511,251
Total		505,118,700	50,152,588
2. EXPENSES AND LOSSES			
2.1 Management & Operating expenses	F	5,395,246	1,463,236
2.2 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		4,395,666	2,029,370
Total		9,790,912	3,492,606
Surplus / (Deficit) for the year		495,327,788	46,659,982
Add : Write back of provision for Unrealised Appreciation on Investments		36,891,268	23,380,017
Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		406,575,127	36,891,268
Add : Income Equalisation Account		308,073,015	38,906,058
		433,716,944	72,054,789
Balance brought forward from previous year		53,353,577	24,217,440
Add/(Less):Transfer from Unit Premium Reserve		-	-
Surplus available for distribution / (Deficit)		487,070,521	96,272,229
Appropriation			
Income Distribution		-	4,016,168
Balance carried to the Balance Sheet		487,070,521	92,256,061

Accounting Policies and Notes to Accounts H

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

As per our Report of even date

For N. M. Raiji & Co.
Chartered Accountants

For and on behalf of

Benchmark Trustee Company Pvt. Ltd.

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

For and on behalf of

Benchmark Asset Management Company Pvt. Ltd.

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006****(In Rupees)**

	March 31, 2006	March 31, 2005
SCHEDULE A		
UNIT CAPITAL	46,974,766	10,874,766
Total	46,974,766	10,874,766
No. of Units of face value of Rs.10/- each	4,697,477	1,087,477
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	81,481,568	34,165,748
Add: on account of Subscription of units	594,876,318	47,315,820
Total	676,357,886	81,481,568
Surplus/Deficit		
Balance transferred from Revenue Account	487,070,521	92,256,061
Total	487,070,521	92,256,061
GRAND TOTAL	1,163,428,407	173,737,629
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Contracts for purchase of investments	226,042	279,286
Management Fee payable	405,326	68,905
Trusteeship Fee payable	39,995	5,696
Others	1,822,984	2,724,187
Total (A)	2,494,347	3,078,074
B. Provisions		
	-	-
Total (B)	-	-
TOTAL (A) + (B)	2,494,347	3,078,074

(In Rupees)

	March 31, 2006	March 31, 2005
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SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - G** for Portfolio Holding Statement as on March 31, 2006)

Equity Shares	1,613,269,434	221,000,388
Total	1,613,269,434	221,000,388

SCHEDULE E**OTHER CURRENT ASSETS**

Balances with scheduled banks in current account	5,728,929	1,213,073
Contracts for sale of investments	82,881	2,319,365
Outstanding and accrued income	391,403	48,911
Total	6,203,213	3,581,349

SCHEDULE F**MANAGEMENT & OPERATING EXPENSES**

Management Fees	2,951,670	639,026
Trusteeship Fees	91,096	18,316
Selling, Marketing and Distribution Expenses	1,362,933	387,744
Audit Fees	68,394	55,100
Custodial Fees	367,456	103,361
Registrar Expenses	401,568	85,267
Investor Communication expenses	10,452	15,603
Listing, Licensing and Other Fees	131,913	131,088
Other Operating Expenses	9,764	27,731
Total	5,395,246	1,463,236

BENCHMARK MUTUAL FUND*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006****Schedule - G Portfolio Holding Statement as on March 31, 2006**

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
EQUITY & EQUITY RELATED INSTRUMENTS				
LISTED				
AUTO				
TATA MOTORS LTD	38,646	36,012,275		
MARUTI UDYOG LTD	29,316	25,630,979		
HERO HONDA LTD	20,262	18,042,298		
BAJAJ AUTO LTD	10,267	28,195,749		
MAHINDRA & MAHINDRA LTD	24,361	15,275,565	123,156,866	7.63
BANKS				
STATE BANK OF INDIA	53,405	51,722,743		
ICICI BANK LTD	90,275	53,176,489		
HDFC BANK LTD	31,753	24,584,760		
PUNJAB NATIONAL BANK	31,994	15,049,978		
ORIENTAL BANK OF COMMERCE	25,423	5,966,778	150,500,747	9.33
CEMENT				
GRASIM INDUSTRIES LTD	9,302	19,184,910		
GUJARAT AMBUJA CEMENT LTD	137,270	14,179,991		
ASSOCIATED CEMENT COMPANY LTD	18,843	14,738,995	48,103,896	2.98
CHEMICALS				
INDIAN PETROCHEMICALS CORPORATION LTD	25,188	6,608,072	6,608,072	0.41
CONSUMER NON DURABLES				
ITC LTD	381,041	74,360,151		
HINDUSTAN LEVER LTD	223,363	60,754,736		
TATA TEA LTD	5,705	4,945,665		
DABUR INDIA LTD	58,174	7,213,576	147,274,128	9.13
FERROUS METALS				
STEEL AUTHORITY OF INDIA LTD	419,118	34,849,662		
TATA STEEL LTD	56,162	30,130,913	64,980,575	4.03
FERTILISERS				
TATA CHEMICALS LTD	21,826	5,754,425	5,754,425	0.36
FINANCE				
HDFC LTD	25,308	33,831,734	33,831,734	2.10
GAS				
GAIL (INDIA) LTD	85,810	27,330,485	27,330,485	1.69
INDUSTRIAL CAPITAL GOODS				
BHARAT HEAVY ELECTRICALS LTD	24,836	55,681,070		
LARSEN & TOUBRO LTD	13,911	33,841,290		
ABB LTD	4,300	12,590,615	102,112,975	6.33

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
MEDIA & ENTERTAINMENT				
ZEE TELEFILMS LTD	41,857	10,003,823	10,003,823	0.62
NON - FERROUS METALS				
HINDALCO INDUSTRIES LTD	117,675	21,499,223		
NATIONAL ALUMINIUM CO LTD	65,379	19,198,543	40,697,766	2.52
OIL				
OIL AND NATURAL GAS CORPORATION LTD	144,662	189,702,514	189,702,514	11.76
PETROLEUM PRODUCTS				
RELIANCE INDUSTRIES LTD	141,371	112,439,425		
BHARAT PETROLEUM CORPORATION LTD	30,442	12,946,983		
HINDUSTAN PETROLEUM CORPORATION LTD	34,432	11,013,075	136,399,483	8.45
PHARMACEUTICALS				
RANBAXY LABORATORIES LTD	37,795	16,340,668		
SUN PHARMACEUTICALS IND LTD	18,824	16,180,169		
CIPLA LTD	30,429	20,151,605		
GLAXOSMITHKLINE PHARMA LTD	8,595	12,482,948		
DR. REDDY'S LABORATORIES LTD	7,774	11,049,964	76,205,355	4.72
POWER				
RELIANCE ENERGY LTD	20,488	12,532,510		
TATA POWER CO LTD	20,081	11,695,174	24,227,684	1.50
SOFTWARE				
TATA CONSULTANCY SERVICES LTD	49,641	95,087,336		
INFOSYS TECHNOLOGY LTD	27,856	83,049,878		
WIPRO LTD	144,472	80,860,978		
SATYAM COMPUTER SERVICES LTD	32,863	27,884,256		
HCL TECHNOLOGIES LTD	32,716	21,402,807	308,285,255	19.11
TELECOM - SERVICES				
BHARTI TELE-VENTURES LTD	192,124	79,299,181		
VIDESH SANCHAR NIGAM LTD	28,920	13,583,724		
MAHANAGAR TELEPHONE NIGAM LTD	63,927	11,743,390	104,626,295	6.49
TRANSPORTATION				
JET AIRWAYS (INDIA) LTD	8,761	8,608,997		
SHIPPING CORP OF INDIA LTD	28,646	4,858,362	13,467,358	0.83
TOTAL			1,613,269,434	100.00

BENCHMARK MUTUAL FUND

Nifty Benchmark Exchange Traded Scheme (Nifty BeES)

Schedule - H: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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 are 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 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 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.

Non-traded securities, if any, including those not 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 investment and gain/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 is 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 or 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 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 TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Rs.226,042/- (Previous Year Rs.279,286/-). The above purchases were made on NSE and were accordingly settled on T+2 basis.
7. Sale of investments yet to be settled: Rs.82,881/- (Previous Year Rs.2,319,365/-). The above sales were made on NSE and were accordingly settled on T+2 basis.

8. Income & Expenses

Average Net Assets (Rs.)	Year Ended March 31, 2006		Year Ended March 31, 2005	
	910,958,996		183,156,997	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of 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)	500,723,034	54.97%	48,123,218	26.27%
Total Expenditure (Annual Recurring Expenses)	5,395,246	0.59%	1,463,236	0.80%

9. Aggregate Value of Purchase and Sale of Investments during the year

(Rs. In Lacs)

	2005-06	2004-05
Daily Average Net Assets	9,109.59	1,831.57
Purchases	16,275	2,619
% to Daily Average Net Assets	178.66 %	142.95%
Sales	7,237	1,715
% to Daily Average Net Assets	79.44%	93.61%

10. Net Asset Value (Per unit)

(Rs.)

	As on March 31, 2006	As on March 31, 2005
Face Value	10	10
Net Asset Value	344.2228	203.6859

11. Cost & Market Value of Investments

(Rs. In Lacs)

	2005-06	2004-05
Cost	12,066.94	1,841.09
Market Value	16,132.69	2,210.00

Unrealised Appreciation in the value of investments is Rs.4,065.75 Lacs (Previous Year: Appreciation Rs.368.91 Lacs).

12. Movement of Unit Capital

	2005-06		2004-05	
	Units	Rs.	Units	Rs.
Opening Units	1,087,477	10,874,766	487,477	4,874,766
Units issued	5,580,000	55,800,000	1,300,000	13,000,000
Units redeemed	1,970,000	19,700,000	700,000	7,000,000
Units at the end of the Year	4,697,477	46,974,766	1,087,477	10,874,766

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As on March 31, 2006, there is 1 investor in Nifty BeES who holds 88.56% of the Scheme.

14. 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.

15. Investment Management Fees

Investment Management Fees is calculated on the daily average net assets of the Scheme. The details of management fees levied on an annualised basis are as follows:

(In Rs.)

	2005-06	2004-05
Daily Average Net Assets	910,958,996	183,156,997
Management Fees (in Percentage)	0.32%	0.35%
Management Fees	2,951,670	639,026

16. Trustee Fees

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

17. Custodial Fees and Expenses

Citibank N.A. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, Citibank N.A. is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent 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.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested/redeemed in the Scheme during the year ended March 31, 2006 and holds 3,306 units in the Scheme as on March 31, 2006.

20. 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, 2006
Bajaj Auto Ltd.	29.58	281.96

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

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year no Scheme of the Fund has invested in any Company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As on March 31, 2006, unclaimed dividend amount is Rs.36,582.62 which represents 129 un-encashed dividend warrants expired as on March 31, 2006. As on March 31, 2006, Rs.3,030.47 is yet to be claimed by 43 investors to whom redemption warrants have been issued.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

26. A complete list of investments of the Scheme is given in **Schedule G**.

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

28. The audited results for the year ended March 31, 2006 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 23, 2006 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 the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and Revenue Account for the year ended March 31, 2006****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005	April 1, 2003 to March 31, 2004
a) Net Asset Value per Unit at the end of the year	344.2228	203.6859	177.7188
b) i) Income other than profit on sale of investments	2.60	3.80	4.87
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	25.29	28.03	41.87
iv) Transfer to revenue account from past year's reserve	-	-	-
c) Aggregate of expenses, write off, amortisation and charges	1.15	1.35	1.33
d) Net income/(loss) (b-c)	26.74	30.48	45.41
e) Net Change in Unrealised Appreciation/(Depreciation) in value of Investments	78.70	12.42	60.91
f) Repurchase Price during the year			
i) Highest	345.8872	217.0612	199.0365
ii) Lowest	190.3001	139.4534	93.0431
g) Resale Price during the year			
i) Highest	345.8872	217.0612	199.0365
ii) Lowest	190.3001	139.4534	93.0431
h) Market Price (National Stock Exchange)			
i) Highest	387.00	245.00	201.00
ii) Lowest	183.25	141.00	93.35
i) Price Earning Ratio**	3.74	3.05	3.51
j) Ratio of expenses to the average net assets	0.59%	0.80%	0.78%
k) Ratio of gross income (including net profit/loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments) to average net assets	54.97%	26.27%	63.10%

- * The above per unit calculations are based on the number of units outstanding at the end of the year.
- ** Price Earning Ratio is based on the closing market price on the National Stock Exchange of India Ltd. & surplus for the year which includes unrealised appreciation / depreciation and Income Equalisation per unit.

Signatures to Schedules A to H forming part of the Balance Sheet and Revenue Account

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

J. M. Gandhi
Partner
Membership No. 37924

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

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, 2006 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 Funds) 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 Trustee 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 to 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, 2006 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, 2006.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Balance Sheet as at March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
LIABILITIES			
1. Unit Capital	A	1,183,988	2,623,988
2. Reserves & Surplus	B	41,697,503	78,467,288
3. Unrealised Appreciation in value of Investments		18,694,000	9,655,686
Unit Holders Funds		61,575,491	90,746,962
4. Current Liabilities & Provisions	C	148,688	153,782
Total		61,724,179	90,900,744
ASSETS			
1. Investments	D	61,463,322	90,333,393
2. Other Current Assets	E	260,857	567,351
Total		61,724,179	90,900,744

Accounting Policies and Notes to Accounts H

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S.A.Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Revenue Account for the year ended March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
1. INCOME AND GAINS			
1.1 Dividend		1,113,301	1,313,289
1.2 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		19,864,443	8,667,992
1.3 Other Income		–	6,036
1.4 Net change in unrealised appreciation/(depreciation) on Investments		9,038,314	5,895,298
Total		30,016,058	15,882,615
2. EXPENSES AND LOSSES			
2.1 Management & Operating Expenses	F	659,703	601,745
2.2 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		1,589,340	1,656,021
Total		2,249,043	2,257,766
Surplus / (Deficit) for the year		27,767,015	13,624,849
Add : Write back of provision for Unrealised Appreciation on Investments.		9,655,686	3,760,388
Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		18,694,000	9,655,686
Add/(Less) : Income Equalisation Account		(15,768,813)	7,256,393
		2,959,888	14,985,944
Balance brought forward from previous year		25,583,181	17,853,060
Surplus available for distribution / (Deficit)		28,543,069	32,839,004
Appropriation			
Income Distribution (Dividend)		–	–
Balance carried to the Balance Sheet		28,543,069	32,839,004

Accounting Policies and Notes to Accounts**H**

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

As per our Report of even date

For N. M. Rajji & Co.

Chartered Accountants

For and on behalf of

Benchmark Trustee Company Pvt. Ltd.

J. M. Gandhi

Partner

Membership No. 37924

Dr. S. A. Dave

Chairman

Dr. A. C. Shah

Director

For and on behalf of

Benchmark Asset Management Company Pvt. Ltd.

D. S. Mehta

Chairman

S. R. Halbe

Director

Place : Mumbai

Date : June 23, 2006

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, 2006 and
Revenue Account for the year ended March 31, 2006**

(In Rupees)

	March 31, 2006	March 31, 2005
SCHEDULE A		
UNIT CAPITAL	1,183,988	2,623,988
Total	1,183,988	2,623,988
No. of Units of face value of Rs 1.25 each	947,190	2,099,190
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	45,628,284	39,122,965
Add/(Less): on account of subscription/redemption of units	(32,473,850)	6,505,319
Total	13,154,434	45,628,284
Surplus/Deficit		
Balance transferred from Revenue account	28,543,069	32,839,004
Total	28,543,069	32,839,004
GRAND TOTAL	41,697,503	78,467,288
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Management Fees payable	25,539	40,411
Unutilised Load	21,537	21,537
Trusteeship Fees payable	7,095	11,195
Others	94,517	80,639
Total (A)	148,688	153,782
B. Provisions		
	–	–
Total (B)	–	–
TOTAL (A) + (B)	148,688	153,782

(In Rupees)

	March 31, 2006	March 31, 2005
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SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - G** for Portfolio Holding Statement as on March 31, 2006)

Equity Shares	61,463,322	90,333,393
Total	61,463,322	90,333,393

SCHEDULE E**OTHER CURRENT ASSETS**

Balances with Scheduled Banks in current account	260,857	551,980
Outstanding and Accrued Income	-	15,371
Total	260,857	567,351

SCHEDULE F**MANAGEMENT & OTHER OPERATING EXPENSES**

Management Fees	329,815	300,158
Trusteeship Fees	32,989	30,160
Selling, Marketing and Distribution Expenses	7,625	147,864
Auditors Fees	1,537	-
Custodial Fees	143,561	46,755
Registrar Expenses	54,376	43,288
Investor Communication Expenses	2,171	10,264
Listing, Licensing and Other Fees	86,420	10,420
Other Operating Expenses	1,209	12,836
Total	659,703	601,745

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006****Schedule - G Portfolio Holding Statement as on March 31, 2006**

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
EQUITY & EQUITY RELATED INSTRUMENTS				
LISTED				
AUTO				
ASHOK LEYLAND LTD	26,858	1,082,377		
TVS MOTOR COMPANY LTD	5,314	746,351		
PUNJAB TRACTORS LTD	1,359	343,419	2,172,148	3.53
AUTO ANCILLARIES				
APOLLO TYRES LTD	858	249,635	249,635	0.41
BANKS				
CANARA BANK	9,172	2,452,134		
INDUSTRIAL DEVELOPMENT BANK OF INDIA LTD	16,190	1,267,677		
UTI BANK LTD	6,234	2,219,616		
BANK OF BARODA	8,210	1,892,816		
UNION BANK OF INDIA	11,300	1,374,080		
KOTAK MAHINDRA BANK LTD	6,917	1,931,572		
CORPORATION BANK	3,209	1,230,010		
BANK OF INDIA	10,904	1,456,229		
INDIAN OVERSEAS BANK	12,188	1,179,189		
SYNDICATE BANK	11,677	1,049,178		
ANDHRA BANK	10,850	876,138		
VIJAYA BANK	9,698	507,690		
VYSYA BANK LTD	2,026	289,515	17,725,844	28.84
CONSTRUCTION				
JAIPRAKASH ASSOCIATES LTD	4,152	1,947,911	1,947,911	3.17
CONSUMER NON DURABLES				
ASIAN PAINTS INDIA LTD	2,154	1,391,592		
NIRMA LTD	1,776	894,660	2,286,252	3.72
FINANCE				
LIC HOUSING FINANCE LTD	1,900	360,525		
IFCI LTD	14,288	154,310		
RELIANCE CAPITAL LTD	4,554	2,363,981	2,878,817	4.68
HARDWARE				
MOSER-BAER (I) LTD	2,495	570,482	570,482	0.93
INDUSTRIAL CAPITAL GOODS				
SIEMENS LTD	741	4,205,027		
BHARAT ELECTRONICS LTD	1,790	2,370,229		
INGERSOLL-RAND INDIA LTD	706	281,023	6,856,279	11.16

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
INDUSTRIAL PRODUCTS				
BHARAT FORGE CO LTD	4,933	2,196,912		
CUMMINS INDIA LTD	4,429	1,054,323	3,251,235	5.29
NON - FERROUS METALS				
STERLITE INDUSTRIES LTD	2,499	4,375,749	4,375,749	7.12
PETROLEUM PRODUCTS				
CHENNAI PETROLEUM CORP LTD	3,332	734,706		
COCHIN REFINERIES LTD	3,098	537,658		
BONGAIGAON REFINERY & PETROCHEMICALS LTD	4,470	293,456		
IBP CO LTD	495	280,269	1,846,088	3.00
PHARMACEUTICALS				
NICHOLAS PIRAMAL INDIA LTD	4,676	1,215,760		
WOCKHARDT LIFE SCIENCES LTD	2,447	1,238,549		
BIOCON LTD	2,237	996,472		
CADILA HEALTHCARE LTD	1,405	949,288		
AVENTIS PHARMA LTD	515	993,924		
LUPIN LTD	898	910,527		
PFIZER LTD	668	770,638		
AUROBINDO PHARMA LTD	1,192	814,374	7,889,533	12.84
SOFTWARE				
I-FLEX SOLUTION LTD	1,702	2,258,554		
PATNI COMPUTER SYSTEM LTD	3,083	1,412,322		
MPHASIS BFL LTD	3,594	749,169		
POLARIS SOFTWARE LAB LTD	2,197	257,269	4,677,314	7.61
TELECOM - SERVICES				
TATA TELESERVICES (MAHARASTRA) LTD	34,016	809,581	809,581	1.32
TEXTILE PRODUCTS				
RAYMOND LTD	1,373	710,665	710,665	1.16
TRANSPORTATION				
CONTAINER CORPORATION OF INDIA LTD	1,454	2,101,684		
GREAT EASTERN SHIPPING CO LTD	4,258	1,114,106	3,215,790	5.22
TOTAL			61,463,322	100.00

BENCHMARK MUTUAL FUND

Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)

Schedule - H: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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 are 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 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.
- 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, if any, including those not 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/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 Revenue Account.

2.5 Unit Premium Reserve

Unit Premium Reserve is debited or credited at the time of purchase or 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 TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil (Previous Year: Nil)
7. Sale of investments yet to be settled: Nil (Previous Year: . Nil)

8. Income and Expenses

Average Net Assets (Rs.)	Year Ended March 31, 2006		Year Ended March 31, 2005	
	65,977,629		60,317,697	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of 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)	28,426,718	43.09%	14,226,595	23.59%
Total Expenditure (Annual Recurring Expenses)	659,703	1.00%	601,745	1.00%

9. Aggregate Value of Purchase and Sale of Investments during the year

(Rs. In Lacs)

	2005-06	2004-05
Daily Average Net Assets	659.78	603.18
Purchases	347.91	825.59
% to Daily Average Net Assets	52.73%	136.87%
Sales	909.74	680.34
% to Daily Average Net Assets	137.89%	112.79%

10. Net Asset Value (Per unit)

(Rs.)

	As on March 31, 2006	As on March 31, 2005
Face Value	1.25	1.25
Net Asset Value	65.0084	43.2295

11. Cost & Market Value of Investments

(Rs. In Lacs)

	2005-06	2004-05
Cost	427.69	806.78
Market Value	614.63	903.33

Unrealised Appreciation in the value of investments is Rs.186.94 Lacs. (Previous Year: Appreciation Rs.96.56 Lacs)

12. Movement in Unit Capital

	2005-06		2004-05	
	Units	Rs.	Units	Rs.
Opening Units	2,099,190	2,623,988	1,859,190	2,323,988
Units Issued	416,000	520,000	1,680,000	2,100,000
Units Redeemed	1,568,000	1,960,000	1,440,000	1,800,000
Units at the end of the year	947,190	1,183,988	2,099,190	2,623,988

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As on March 31, 2006, there is no investor in Junior BeES who holds more than 25% of the Scheme.

14. 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.

15. Investment Management Fees

Investment Management Fees is calculated on the daily average net assets of the Scheme. The details of management fees levied on an annualised basis are as follows:

(In Rs.)

	2005-06	2004-05
Daily Average Net Assets	65,977,629	60,317,697
Management Fees (in percentage)	0.50%	0.50%
Management Fees	329,815	300,158

16. Trustee Fees

In accordance with the terms of the Offer Document, the Trustee fees have been charged @ 0.05% of the daily average net assets of the Scheme.

17. Custodial Fees and Expenses

Citibank N.A. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, Citibank N.A. is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent 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.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested/redeemed in the Scheme during the year ended March 31, 2006 and holds 6,606 units in the Scheme as on March 31, 2006.
20. The Scheme has not made any investment in any associate/group company.
21. The Scheme has not made any investments in the issues lead managed by associate companies.
22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year, no Scheme of the Fund has invested in any company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As on March 31, 2006, unclaimed dividend amount is Rs.2,980.00 which represents 9 un-encashed dividend warrants expired as on March 31, 2006. There is no unclaimed redemption amount in respect of the Scheme as on March 31, 2006.

25. Registered Securities

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

26. A complete list of investments of the Scheme is given in **Schedule G**.
27. The previous year figures have been regrouped/rearranged wherever necessary.

28. The Boards of Benchmark Asset Management Company Pvt Ltd. (AMC) and Benchmark Trustee Company Pvt. Ltd. (Trustee) have approved the audited results for the year ended March 31, 2006 at their meeting held on June 23, 2006 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 the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND*Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and Revenue Account for the year ended March 31, 2006****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005	April 1, 2003 to March 31, 2004
a) Net Asset Value per Unit at the end of the year	65.0084	43.2295	33.9182
b) i) Income other than profit on sale of investments	1.18	0.63	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	19.29	3.34	4.75
iv) Transfer to revenue account from past year's reserve	-	-	-
c) Aggregate of expenses, write off, amortisation and charges	0.70	0.29	0.13
d) Net income/(loss) (b-c)	19.77	3.68	4.86
e) Net Change in Unrealised Appreciation/(Depreciation) in value of Investments	9.54	2.81	2.49
f) Repurchase Price during the year			
i) Highest \$	65.0084	47.2051	45.9829
ii) Lowest	40.6997	26.8726	31.2583
g) Resale Price during the year			
i) Highest \$	65.0084	47.2051	45.9829
ii) Lowest	40.6997	26.8726	31.2583
h) Market Price (National Stock Exchange)			
i) Highest \$	64.90	50.80	46.16
ii) Lowest	40.05	26.23	28.20
i) Price Earning Ratio**	20.51	6.07	3.03
j) Ratio of expenses (excluding initial issue expenses amortised) to the average net assets	1.00%	1.00%	1.00%
k) Ratio of gross income (including net profit/loss on sale/redemption of investments and net change in unrealised appreciation in value of investments) to average net assets	43.09%	23.59%	57.90%

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

\$ During the year 2003-04, each unit of Junior BeES having a Face Value (F.V.) of Rs.10/- each was split into 8 units of Rs.1.25 each. In view of this Repurchase Price, Resale Price and Market Price is shown with respect to face value of Rs.1.25 each considering the split.

** Price Earning Ratio is based on the closing market price on the National Stock Exchange of India Ltd. & surplus for the year which includes unrealised appreciation / depreciation and Income Equalisation per unit.

Signatures to Schedules A to H forming part of the Balance Sheet and Revenue Account

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

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, 2006 and the Revenue Account for the year 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 Funds) 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 Trustee 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 to 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, 2006; 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 year ended March 31, 2006.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Balance Sheet as at March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
LIABILITIES			
1. Unit Capital	A	1,427,185,823	960,770,600
2. Reserves & Surplus	B	–	–
Unrealised Appreciation in value of Investments		–	–
Unit Holders Funds		1,427,185,823	960,770,600
3. Current Liabilities & Provisions	C	11,749,237	27,800,509
Total		1,438,935,060	988,571,109
ASSETS			
1. Investments	D	1,014,657,839	99,370,499
2. Deposits	E	395,690,562	853,578,390
3. Other Current Assets	F	28,586,659	35,622,220
Total		1,438,935,060	988,571,109

Accounting Policies and Notes to Accounts I

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

BENCHMARK MUTUAL FUND
Liquid Benchmark Exchange Traded Scheme (Liquid BeES)
Revenue Account for the year ended March 31, 2006

(In Rupees)

	Schedule	March 31, 2006	March 31, 2005
1. INCOME AND GAINS			
1.1 Interest		69,076,023	32,425,245
1.2 Other Income		11,999	-
Total		69,088,022	32,425,245
2. EXPENSES AND LOSSES			
2.1 Management & Operating Expenses	G	7,155,925	4,022,935
Total		7,155,925	4,022,935
Surplus for the year/period		61,932,097	28,402,310
Add : Write back of provision for Unrealised Appreciation on Investment		-	-
Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		-	-
Add : Income Equalisation Account		-	-
		61,932,097	28,402,310
Balance brought forward from previous year		-	-
Add/(Less) : Transfer from Unit Premium Reserve		-	-
Surplus available for distribution / (Deficit)		61,932,097	28,402,310
Appropriation			
Income Distribution (Inclusive of Distribution Tax of Rs. 9,823,856 (P.Y. Rs.4,005,260))		61,932,097	28,402,310
Balance carried to the Balance Sheet		-	-

Accounting Policies and Notes to Accounts I

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

BENCHMARK MUTUAL FUND*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006**

(In Rupees)

	March 31, 2006	March 31, 2005
SCHEDULE A		
UNIT CAPITAL	1,427,185,823	960,770,600
Total	1,427,185,823	960,770,600
No of Units of face value of Rs.1,000/- each	1,427,186	960,771
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	—	—
Add/(Less): on account of subscription / redemption of units	—	—
Less: Transfer to Revenue Account	—	—
Total	—	—
Surplus/(Deficit)		
Balance transferred from Revenue account	—	—
Total	—	—
GRAND TOTAL		
	—	—
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for expenses	1,561,654	2,399,253
Units Application Pending Allotment	325,990,000	8,597,000
Unit Redemption Payable	(316,990,000)	16,597,000
TDS Payable	465,223	207,256
Total (A)	11,026,877	27,800,509
B. Provisions		
	722,360	—
Total (B)	722,360	—
TOTAL (A) + (B)	11,749,237	27,800,509

(In Rupees)

	March 31, 2006	March 31, 2005
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SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31, 2006)

Non Convertible debentures	149,863,150	–
Certificate of Deposit	98,044,233	–
Privately Placed Debentures/Bonds	717,186,900	–
Commercial Paper	49,563,556	99,370,499
Total	1,014,657,839	99,370,499

SCHEDULE E**DEPOSITS WITH SCHEDULED BANKS**

Term Deposits	395,690,562	853,578,390
Total	395,690,562	853,578,390

SCHEDULE F**OTHER CURRENT ASSETS**

Balances with Scheduled Banks in current account	18,195,140	1,882,130
Outstanding and Accrued Income	9,921,519	8,546,090
Others	470,000	25,194,000
Total	28,586,659	35,622,220

SCHEDULE G**MANAGEMENT & OTHER OPERATING EXPENSES**

Management Fees	465,224	–
Trusteeship Fees	110,414	61,708
Selling, Marketing and Distribution Expenses	3,748,712	1,266,743
Audit Fees	78,870	55,100
Custodial Fees	452,740	1,429,554
Registrar Expenses	1,161,077	617,073
Investor Communication Expenses	33,937	59,730
Listing, Licensing and Other Fees	239,654	244,432
Other Operating Expenses	865,297	288,595
Total	7,155,925	4,022,935

BENCHMARK MUTUAL FUND

Liquid Benchmark Exchange Traded Scheme (Liquid BeES)
**Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006**

Schedule H - Portfolio Holding Statement as on March 31, 2006

Sr. No.	Scrip Name	Rating	Quantity	Market Value (Rs.)	Sub Total	% to Total
(A)	DEBT INSTRUMENTS					
	Listed / Privately Placed					
	HDFC LTD (NON CONVERTIBLE DEBENTURE)	AAA	50	49,863,150		
	KOTAK MAHINDRA PRIME LTD (NON CONVERTIBLE DEBENTURE)	P1+	50	50,000,000		
	CITIFINANCIAL CONSUMER FINANCE INDIA LTD (NON CONVERTIBLE DEBENTURE)	P1+	50	50,000,000	149,863,150	10.63
	Money Market Instruments					
	ICICI BANK LTD (CERTIFICATE OF DEPOSIT)	A1+	500	49,047,871		
	JAMMU & KASHMIR BANK LTD (CERTIFICATE OF DEPOSIT)	P1+	500	48,996,361		
	HDFC LTD (COMMERCIAL PAPER)	P1+	100	49,563,556	147,607,788	10.47
(B)	OTHERS - FIXED DEPOSITS					
	FLOATING RATE DEPOSITS [^]			717,186,900		
	TERM DEPOSITS			395,690,562	1,112,877,462	78.90
	TOTAL				1,410,348,400	100.00

[^] Mibor Linked

BENCHMARK MUTUAL FUND

Liquid Benchmark Exchange Traded Scheme (Liquid BeES)

Schedule - I: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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 (ETF) and the units of Liquid 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 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.
- Non-traded and Thinly-traded debt securities are valued at fair value in good faith by the AMC in accordance with the guidelines for valuation of such securities specified by SEBI.
- Privately placed debt securities are valued at fair value in good faith by the AMC in accordance with the guidelines for valuation of such securities as specified by SEBI.
- Money market securities/Non traded/Thinly traded Non-Government Debt securities of upto 182 days of maturity are valued on the basis of amortization (cost plus accrued interest basis) plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments, 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 prescribed by SEBI.

- In accordance with SEBI Regulations, Government securities are valued at prices released by the Agency approved by AMFI. 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 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.

NOTES TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil (Previous Year: Nil)
7. Sale of investments yet to be settled: Nil (Previous Year: Nil)

9. Income and expenses

Average Net Assets (Rs.)	Year Ended March 31, 2006		Year Ended March 31, 2005	
	1,104,142,302		617,065,220	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of 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)	69,088,022	6.26%	32,425,245	5.25%
Total Expenditure (annual recurring expenses)	7,155,925	0.65%	4,022,935	0.65%

9. Aggregate Value of Purchase and Sale of Investments (including matured) during the year (Rs. In Lacs)

	2005-06	2004-05
Daily Average Net Assets	11,041.42	6,170.65
Purchases	92,359.68	6,459.15
% to Daily Average Net Assets	836.48%	104.68%
Sales	87,994.41	7,016.42
% to Daily Average Net Assets	796.95%	113.71%

10. Net Asset Value (Per unit) (In Rs.)

	As on March 31, 2006	As on March 31, 2005
Face Value	1,000.0000	1,000.0000
Net Asset Value	1,000.0000	1,000.0000

11. Cost & Market Value of Investments (Rs. In Lacs)

	2005-06	2004-05
Cost	14,103.48	993.70
Market Value	14,103.48	993.70

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

12. Movement in Unit Capital

	2005-06		2004-05	
	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)
Initial Subscription/ Opening Units	960,770.69	9,607.70	557,200.00	5,572.00
Units issued	5,950,083.00	59,500.83	1,313,445.00	13,134.45
Units issued towards reinvestment of Dividend*	51,871.00	518.71	24,457.59	244.57
Units redeemed	5,535,539.00	55,355.39	934,331.90	9,343.32
Units at the end of the year	1,427,185.69	14,271.85	960,770.69	9,607.70

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

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As on March 31, 2006, there is 1 investor in Liquid BeES who holds 38.96% of the Scheme.

14. 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.

15. Investment Management Fees

Investment Management Fees is calculated on the daily average net assets of the Scheme. The details of management fees levied on an annualised basis are as follows:

(In Rs.)

	2005-06	2004-05
Daily Average Net Assets	1,104,142,302	617,065,220
Management Fees (in percentage)	0.30%*	Nil
Management Fees	4,65,224	Nil

* Effective March 01, 2006; Nil for the period April 01, 2005 to February 28, 2006.

16. Trustee Fees

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

17. Custodial Fees and Expenses

Citibank N.A. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, Citibank N.A. is reimbursed for custody and transaction charges levied by Depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent 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.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested/redeemed in the Scheme during the year ended March 31, 2006 and holds 12,000.149 units in the Scheme as on March 31, 2006.

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

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

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year, no Scheme of the Fund has invested in any company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As at March 31, 2006, there were no unclaimed dividend or unclaimed redemption amounts in the Scheme.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

26. A complete list of investments of the Scheme is given in **Schedule H**.
27. The previous year figures have been regrouped/rearranged wherever necessary.
28. The audited results for the year ended March 31, 2006 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 23, 2006, 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 holder/investor may request a copy of the annual report of the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and Revenue Account for the year ended March 31, 2006****Schedule I - NOTES TO ACCOUNTS****(In Rupees)**

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005	July 8, 2003 to March 31, 2004
a) Net Asset Value per Unit at the end of the year	1,000.0000	1,000.0000	1,000.0000
b) i) Income other than profit on sale of investments	48.41	33.75	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	5.01	4.19	1.41
d) Net income/(loss) (b-c)	43.40	29.56	17.10
e) Net Change in Unrealised depreciation in value of investments	-	-	-
f) Repurchase Price during the year			
i) Highest	1,000.0000	1,000.0000	1,000.0000
ii) Lowest	1,000.0000	1,000.0000	1,000.0000
g) Resale Price during the year			
i) Highest	1,000.0000	1,000.0000	1,000.0000
ii) Lowest	1,000.0000	1,000.0000	1,000.0000
h) Market Price (National Stock Exchange)			
i) Highest	1,189.90	1,100.00	1,010.00
ii) Lowest	816.40	999.96	999.90
i) Price Earning Ratio **	23.04	33.83	58.48
j) Ratio of expenses (excluding initial issue expenses amortised) to the average net assets@	0.65%	0.65%	0.40%
k) Ratio of gross income (including net profit/loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments) to average net assets@	6.26%	5.25%	5.25%

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

** Price Earning Ratio is based on the closing market price on the National Stock Exchange of India Ltd. & surplus for the year which includes unrealised appreciation / depreciation and Income Equalisation per unit.

@ Annualised for the period ended March 31, 2004.

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. Rajji & Co.
Chartered Accountants

J. M. Gandhi
Partner
Membership No. 37924

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

AUDITORS' REPORT

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

We have audited the attached Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date annexed thereto, of Banking Index Benchmark Exchange Traded Scheme (Bank 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 Funds) 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 Trustee 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 to 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 Bank BeES, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2006; and
 - b. In the case of Revenue Account of Bank BeES, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the year ended March 31, 2006.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND*Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Balance Sheet as at March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
LIABILITIES			
1. Unit Capital	A	113,974,740	78,774,740
2. Reserves & Surplus	B	5,017,778,894	2,485,394,323
3. Unrealised Appreciation in value of Investments		198,497,079	265,334,318
Unit Holders Funds		5,330,250,713	2,829,503,381
4. Current Liabilities & Provisions	C	7,057,569	1,787,299
Total		5,337,308,282	2,831,290,680
ASSETS			
1. Investments	D	5,304,838,424	2,791,341,196
2. Deposits	E	–	30,000,000
3. Other Current Assets	F	32,469,858	9,949,484
Total		5,337,308,282	2,831,290,680

Accounting Policies and Notes to Accounts I

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Revenue Account for the year ended March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
1. INCOME AND GAINS			
1.1 Dividend		115,622,699	11,174,356
1.2 Interest		2,039,659	92,622
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		2,528,893,899	61,238,651
1.4 Net change in unrealised appreciation/(depreciation) on Investments		(66,837,240)	265,334,318
Total		2,579,719,017	337,839,947
2. EXPENSES AND LOSSES			
2.1 Management & Operating expenses	G	60,171,870	4,986,158
2.2 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		443,776,122	1,545,096
Total		503,947,992	6,531,254
Surplus / (Deficit) for the year		2,075,771,025	331,308,693
Add : Write back of provision for Unrealised Appreciation on Investments		265,334,318	–
Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		198,497,079	265,334,318
Add : Income Equalisation Account		1,783,583,701	1,943,144,935
		3,926,191,965	2,009,119,310
Balance brought forward from previous year		65,974,375	–
Surplus available for distribution / (Deficit)		3,992,166,340	2,009,119,310
Appropriation			
Income Distribution		76,779,792	–
Balance carried to the Balance Sheet		3,915,386,548	2,009,119,310

Accounting Policies and Notes to Accounts **I**

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
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Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006**

(In Rupees)

	March 31, 2006	March 31, 2005
SCHEDULE A		
UNIT CAPITAL	113,974,740	78,774,740
Total	113,974,740	78,774,740
No. of Units of face value of Rs.10/- each	11,397,474	7,877,474
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	476,275,013	—
Add/(Less): on account of subscription/redemption of units	626,117,333	476,275,013
Total	1,102,392,346	476,275,013
Surplus/(Deficit)		
Balance transferred from Revenue account	3,915,386,548	2,009,119,310
Total	3,915,386,548	2,009,119,310
GRAND TOTAL	5,017,778,894	2,485,394,323
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Management Fee payable	1,880,369	847,606
Trusteeship Fee payable	236,838	66,781
Others	4,940,362	872,912
Total (A)	7,057,569	1,787,299
B. Provisions		
	—	—
Total (B)	—	—
TOTAL (A) + (B)	7,057,569	1,787,299
SCHEDULE D		
INVESTMENTS (Marked to Market)		
(Refer Schedule - H for Portfolio Holding Statement as on March 31, 2006)		
Equity Shares	5,304,838,424	2,791,341,196
Total	5,304,838,424	2,791,341,196

(In Rupees)

	March 31, 2006	March 31, 2005
SCHEDULE E		
DEPOSITS WITH SCHEDULED BANKS		
Term Deposits	–	30,000,000
Total	–	30,000,000

SCHEDULE F		
OTHER CURRENT ASSETS		
Balances with Scheduled Banks in current account	32,469,858	9,856,862
Outstanding and Accrued Income	–	92,622
Total	32,469,858	9,949,484

SCHEDULE G		
MANAGEMENT & OTHER OPERATING EXPENSES		
Management Fees	41,904,831	3,160,938
Trusteeship Fees	1,314,475	91,273
Selling, Marketing and Distribution Expenses	6,577,405	496,991
Audit Fees	333,363	55,100
Custodial Fees	1,915,663	323,137
Registrar Expenses	6,382,127	755,681
Listing, Licensing and Other Fees	1,229,279	96,222
Other Operating Expenses	514,727	6,816
Total	60,171,870	4,986,158

BENCHMARK MUTUAL FUND*Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006****Schedule - H Portfolio Holding Statement as on March 31, 2006**

Scrip Name	Quantity	Market Value (Rs.)	Sub Total (Rs.)	% to Total
EQUITY & EQUITY RELATED INSTRUMENTS				
LISTED				
BANKS				
BANK OF BARODA	971,042	223,873,733		4.22
BANK OF INDIA	1,289,499	172,212,591		3.25
CANARA BANK	1,084,828	290,028,766		5.47
CORPORATION BANK	379,599	145,500,297		2.74
HDFC BANK LTD	827,586	640,758,461		12.08
ICICI BANK LTD	2,353,947	1,386,592,480		26.14
ORIENTAL BANK OF COMMERCE	662,927	155,588,967		2.93
PUNJAB NATIONAL BANK	834,257	392,434,493		7.40
STATE BANK OF INDIA	1,392,542	1,348,676,927		25.42
SYNDICATE BANK	1,381,088	124,090,757		2.34
UNION BANK OF INDIA	1,336,584	162,528,614		3.06
UTI BANK LTD	737,403	262,552,338	5,304,838,424	4.95
TOTAL			5,304,838,424	100.00

BENCHMARK MUTUAL FUND

Banking Index Benchmark Exchange Traded Scheme (Bank BeES)

Schedule - I: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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.

Banking Index Benchmark Exchange Traded Scheme (Bank BeES) is an open-ended index scheme of Benchmark Mutual Fund tracking CNX Bank Index in the form of Exchange Traded Fund (ETF) and the units of Bank 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 CNX Bank Index.

Subscription and Redemption of units of Bank BeES are generally through the exchange of underlying securities forming part of the CNX Bank 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.

Non-traded securities, if any, including those not 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 investment and gain/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 or 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 TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil (Previous Year: Nil).
7. Sale of investments yet to be settled: Nil (Previous Year: Nil).

8. Income and expenses

Average Net Assets (Rs.)	Year Ended March 31, 2006		Period Ended March 31, 2005	
	13,144,749,177		1,078,147,924	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of 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)	2,135,942,897	16.25%	336,294,851	36.84%
Total Expenditure (Annual Recurring Expenses)	60,171,870	0.46%	4,986,158	0.55%

9. Aggregate Value of Purchase and Sale of Investments during the year

(Rs. In Lacs)

	2005-06	2004-05
Daily Average Net Assets	131,447.49	10,781.48
Purchases	328,699.40	30,841.98
% to Daily Average Net Assets	250.06%	286.06%
Sales	323,810.84	6,178.84
% to Daily Average Net Assets	246.34%	57.31%

10. Net Asset Value (Per unit)

(in Rs.)

	As on March 31, 2006	As on March 31, 2005
Face Value	10	10
Net Asset Value	467.6701	359.1892

The Scheme declared and paid a dividend of Rs. 8/- per unit with the record date of February 15, 2006.

11. Cost and Market Value of Investments

(Rs. In Lacs)

	2005-06	2004-05
Cost	51,063.41	25,260.07
Market Value	53,048.38	27,913.41

Unrealised Appreciation in the value of investments is Rs.1,984.97 Lacs (Previous Year Rs. 2,653.34 Lacs)

12. Movement in Unit Capital

	2005-06		2004-05	
	Units	Rs.	Units	Rs.
Opening Units	7,877,474	78,774,740	177,474	1,774,740
Units Issued	72,980,000	729,800,000	9,510,000	95,000,000
Units Redeemed	69,460,000	694,600,000	1,810,000	18,100,000
Units at the end of the year	11,397,474	113,974,740	7,877,474	78,774,740

13. Details of Large Holding (more than 25% of Net Assets of the scheme)

As on March 31, 2006, there is 1 investor in Bank BeES who holds 92.28% of the Scheme.

14. 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.

15. Investment Management Fees

Investment Management Fees is calculated on the daily average net assets of the Scheme. The details of management fees levied on an annualized basis are as follows:

(in Rs.)

	2005-06	2004-05
Daily Average Net Assets	13,144,749,177	1,078,147,924
Management Fees (in percentage)	0.32%	0.30%
Management Fees	41,904,831	3,160,938

16. Trustee Fees

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

17. Custodial Fees and Expenses

CitiBank N.A. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, CitiBank N.A. is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent 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.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested/redeemed in the Scheme during the year ended March 31, 2006 and holds 1,710 units in the Scheme as on March 31, 2006.

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

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

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year, no Scheme of the Fund has invested in any company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As on March 31, 2006, unclaimed dividend amount is Rs.720.00 which represents 4 un-encashed dividend warrants. There is no unclaimed redemption amount in respect of the Scheme as on March 31, 2006.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

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

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

28. The audited results for the year ended March 31, 2006 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 23, 2006, 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 the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND
Banking Index Benchmark Exchange Traded Scheme (Bank BeES)
Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006

Schedule I - NOTES TO ACCOUNTS

(In Rupees)

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	May 27, 2004 to March 31, 2005
a) Net Asset Value per Unit at the end of the year	467.6701	359.1892
b) i) Income other than profit on sale of investments	10.32	1.43
ii) Income (net) from profit on inter-scheme sale / transfer of investments	-	-
iii) Income (net) from profit/(loss) on sale of investments to third parties	182.95	7.58
iv) Transfer to revenue account from past year's reserve	-	-
c) Aggregate of expenses, write off, amortisation and charges	5.28	0.63
d) Net income/(loss) (b-c)	187.99	8.38
e) Net Change in Unrealised Appreciation/(Depreciation) in value of Investments	(5.86)	33.68
f) Repurchase Price during the year		
i) Highest	486.2816	398.7897
ii) Lowest	321.6453	219.8002
g) Resale Price during the year		
i) Highest	486.2816	398.7897
ii) Lowest	321.6453	219.8002
h) Market Price (National Stock Exchange)		
i) Highest	500.00	410.00
ii) Lowest	333.00	223.00
i) Price Earning Ratio **	1.37	1.40
j) Ratio of expenses to the average net assets @	0.46%	0.55%
k) Ratio of gross income (including net profit/loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments) to average net assets @	16.25%	36.84%

- * The above per unit calculations are based on the number of units outstanding at the end of the year.
- ** Price Earning Ratio is based on the closing market price on the National Stock Exchange of India Ltd. & surplus for the year which includes unrealised appreciation / depreciation and Income Equalisation per unit.
- @ Annualised for the period ended March 31, 2005.

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. Rajji & Co.
Chartered Accountants

J. M. Gandhi
Partner
Membership No. 37924

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

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, 2006 and the Revenue Account for the year ended on that date annexed thereto, of Benchmark Derivative Fund (BDF), 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 Funds) 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 Trustee 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 to 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 Benchmark Derivative Fund, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2006; and
 - b. In the case of Revenue Account of Benchmark Derivative Fund, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the year ended March 31, 2006.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND
Benchmark Derivative Fund (BDF)

Balance Sheet as at March 31, 2006

(In Rupees)

	Schedule	March 31, 2006	March 31, 2005
LIABILITIES			
1. Unit Capital	A	1,272,169,716	758,237,777
2. Reserves & Surplus	B	29,037,847	4,455,124
Unrealised Appreciation in value of investments		38,726,452	908,850
Unit holders Funds		1,339,934,015	763,601,751
3. Current Liabilities & Provisions	C	273,946,115	78,337,080
Total		1,613,880,130	841,938,831
ASSETS			
1. Investments	D	810,566,182	283,702,028
2. Deposits	E	697,167,170	371,500,000
3. Other Current Assets	F	106,146,778	186,736,803
4. Deferred Revenue Expenditure		-	-
Total		1,613,880,130	841,938,831

Accounting Policies and Notes to Accounts I

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

BENCHMARK MUTUAL FUND*Benchmark Derivative Fund (BDF)***Revenue Account for the year ended March 31, 2006****(In Rupees)**

	Schedule	March 31, 2006	March 31, 2005
1. INCOME AND GAINS			
1.1 Dividend		7,330,043	99,840
1.2 Interest		43,301,520	4,852,081
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		259,868,125	38,625,985
1.4 Net change in unrealised appreciation/depreciation on Investments		37,817,602	908,850
Total		348,317,290	44,486,756
2. EXPENSES AND LOSSES			
2.1 Management & Operating expenses	G	15,828,950	3,104,589
2.2 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		256,784,723	32,894,727
2.3 Initial Issue Expenses		–	2,994,200
Total		272,613,673	38,993,516
Surplus / (Deficit) for the year		75,703,617	5,493,240
Add/(Less) : Writeback of provision for Unrealised Appreciation on Investments		908,850	–
Add/(Less) : Unrealised Appreciation on Investments		(38,726,452)	(908,850)
Add/(Less) : Income Equalisation Account transferred to Balance Sheet		21,876,772	3,735,029
		59,762,787	8,319,419
Balance brought forward from previous year		8,319,419	–
Surplus available for distribution / (Deficit)		68,082,206	8,319,419
Appropriation			
Income Distribution (Inclusive of Distribution Tax of Rs.1,371,740 (Previous Year Nil))		9,958,680	–
Balance carried to the Balance Sheet		58,123,526	8,319,419

Accounting Policies and Notes to Accounts**I**

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

As per our Report of even date

For N. M. Rajji & Co.

Chartered Accountants

For and on behalf of

Benchmark Trustee Company Pvt. Ltd.**J. M. Gandhi**

Partner

Membership No. 37924

Dr. S.A.Dave

Chairman

Dr. A. C. Shah

Director

For and on behalf of

Benchmark Asset Management Company Pvt. Ltd.**D. S. Mehta**

Chairman

S. R. Halbe

Director

Place : Mumbai

Date : June 23, 2006

Sanjiv Shah

Executive Director

BENCHMARK MUTUAL FUND*Benchmark Derivative Fund (BDF)***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006****(In Rupees)**

	March 31, 2006	March 31, 2005
SCHEDULE A		
UNIT CAPITAL	1,272,169,716	758,237,777
Total	1,272,169,716	758,237,777
No. of Units of face value of Rs.1000/- each	1,272,170	758,238
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	(3,864,295)	-
Add/(Less): on account of subscription/redemption of units	(25,221,384)	(3,864,295)
Less: Transfer to Revenue Account	-	-
Total	(29,085,679)	(3,864,295)
Surplus/(Deficit)		
Balance transferred from Revenue account	58,123,526	8,319,419
Total	58,123,526	8,319,419
GRAND TOTAL	29,037,847	4,455,124
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Contracts for purchase of investments	-	71,249,429
Payable on Repurchase of units	261,462,882	-
Management Fee payable	674,189	1,724,466
Trusteeship Fee payable	74,461	27,591
Others	11,734,583	5,335,594
Total (A)	273,946,115	78,337,080
B. Provisions		
Total (B)	-	-
TOTAL (A) + (B)	273,946,115	78,337,080

(In Rupees)

	March 31, 2006	March 31, 2005
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SCHEDULE D**INVESTMENTS (Marked to Market)**(Refer **Schedule - H** for Portfolio Holding Statement as on March 31, 2006)

Equity Shares	710,566,182	283,702,028
Privately Placed Debentures/Bonds	100,000,000	–
Total	810,566,182	283,702,028

SCHEDULE E**DEPOSITS WITH SCHEDULED BANKS**

- Call Deposits	–	–
- Term Deposits	697,167,170	371,500,000
Total	697,167,170	371,500,000

SCHEDULE F**OTHER CURRENT ASSETS**

Balances with scheduled banks in current account	6,615,175	107,027,446
Receivable on issue of fresh units	10,835,841	–
Contracts for sale of investments	59,770,218	66,486,333
Outstanding and accrued income	5,525,544	3,223,024
Others	23,400,000	10,000,000
Total	106,146,778	186,736,803

SCHEDULE G**MANAGEMENT & OTHER OPERATING EXPENSES**

Management Fees	7,903,513	1,724,466
Trusteeship Fees	234,948	27,591
Selling, Marketing & Distribution Expenses	4,540,738	605,241
Audit Fees	56,120	55,100
Custodial Fees	2,856,763	552,249
Registrar Expenses	235,542	34,310
Other Operating Expenses	1,326	105,632
Total	15,828,950	3,104,589

BENCHMARK MUTUAL FUND*Benchmark Derivative Fund (BDF)*Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the year ended March 31, 2006**Schedule - H Portfolio Holding Statement as on March 31, 2006**

Scrip Name	Quantity	Market Value (Rs.)	Sub Total (Rs.)	% to Total
EQUITY & EQUITY RELATED INSTRUMENTS				
LISTED				
AUTO				
ESCORTS LTD	249,600	22,738,560	22,738,560	2.81
BANKS				
BANK OF BARODA	301,000	69,395,550		
ORIENTAL BANK OF COMMERCE	324,600	76,183,620		
PUNJAB NATIONAL BANK	224,400	105,557,760		
STATE BANK OF INDIA	110,000	106,535,000		
VIJAYA BANK	72,450	3,792,758	361,464,688	44.59
CEMENT				
CENTURY TEXTILES INDUSTRIES LTD	33,150	14,741,805		
GUJARAT AMBUJA CEMENTS LTD	33,000	3,408,900		
INDIA CEMENTS LTD	176,900	29,241,570	47,392,275	5.85
CHEMICALS				
INDIAN PETROCHEMICALS CORPORATION LTD	239,800	62,911,530	62,911,530	7.76
CONSTRUCTION				
IVRCL INFRASTRUCTURE AND PROJECTS LTD	10,000	2,780,000		
PUNJ LLOYD LTD	14,100	15,294,975	18,074,975	2.23
FINANCE				
RELIANCE CAPITAL LTD	7,700	3,997,070	3,997,070	0.49
INDUSTRIAL CAPITAL GOODS				
ABB LTD	5,200	15,225,860		
BHARAT ELECTRONICS LTD	24,750	32,772,713	47,998,573	5.92
MEDIA & ENTERTAINMENT				
NDTV LTD	149,600	38,559,400	38,559,400	4.76
NON - FERROUS METALS				
HINDALCO INDUSTRIES LTD	52,635	9,616,415	9,616,415	1.19

Scrip Name	Quantity	Market Value (Rs.)	Sub Total (Rs.)	% to Total
PETROLEUM PRODUCTS				
BONGAIGAON REFINERY & PETROCHEMICALS LTD	24,750	1,624,838		
RELIANCE INDUSTRIES LTD	88,800	70,627,080	72,251,918	8.91
SOFTWARE				
POLARIS SOFTWARE LAB LTD	100,800	11,803,680	11,803,680	1.46
TRANSPORTATION				
JET AIRWAYS (INDIA) LTD	14,000	13,757,100	13,757,100	1.70
NON CONVERTIBLE DEBENTURES				
CITIFINANCIAL CONSUMER FINANCE INDIA LTD (RATING : P1+)	50	50,000,000		
KOTAK MAHINDRA PRIME LTD (RATING : P1+)	50	50,000,000	100,000,000	12.34
TOTAL			810,566,182	100.00

Details of derivative positions outstanding as on March 31, 2006

Name of the Instrument (Stock Futures Contract for April 2006 expiring on April 27, 2006)	Quantity	Market Value (Rs.)	% to NAV
ABB LTD	(5,200)	15,492,360	1.16
BANK OF BARODA	(301,000)	70,599,550	5.27
BHARAT ELECTRONICS LTD	(24,750)	33,292,463	2.48
BONGAIGAON REFINERY & PETROCHEMICALS LTD	(24,750)	1,655,775	0.12
CENTURY TEXTILES INDUSTRIES LTD	(33,150)	14,947,335	1.12
ESCORTS LTD	(249,600)	23,112,960	1.72
GUJARAT AMBUJA CEMENTS LTD	(33,000)	3,458,400	0.26
HINDALCO INDUSTRIES LTD	(52,635)	9,679,577	0.72
INDIA CEMENTS LTD	(176,900)	29,754,580	2.22
INDIAN PETROCHEMICALS CORPORATION LTD	(239,800)	63,858,740	4.77
IVRCL INFRASTRUCTURE AND PROJECTS LTD	(10,000)	2,815,500	0.21
JET AIRWAYS (INDIA) LTD	(14,000)	13,719,300	1.02
NDTV LTD	(149,600)	39,157,800	2.92
ORIENTAL BANK OF COMMERCE	(324,600)	77,417,100	5.78
POLARIS SOFTWARE LAB LTD	(100,800)	11,985,120	0.89
PUNJ LLOYD LTD	(14,100)	15,500,835	1.16
PUNJAB NATIONAL BANK	(224,400)	107,341,740	8.01
RELIANCE CAPITAL LTD	(7,700)	4,053,280	0.30
RELIANCE INDUSTRIES LTD	(88,800)	71,612,760	5.34
STATE BANK OF INDIA	(110,000)	108,174,000	8.07
VIJAYA BANK	(72,450)	3,854,340	0.29
TOTAL.....		721,483,514	53.83

BENCHMARK MUTUAL FUND

Benchmark Derivative Fund (BDF)

Schedule - I: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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.

Benchmark Derivative Fund (BDF) is an open-ended debt Scheme. At the time of the New Fund Offer in December 2004, the Scheme had only Growth Option. The Scheme introduced a Dividend Option with effect from September 30, 2005.

The investment objective of the Scheme is to provide absolute returns over and above money market instruments by taking advantage in the underlying cash and derivative markets. Various strategies are used as return enhancers.

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.
- 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 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:

- Traded Securities are valued at last quoted closing price on the National Stock Exchange of India Ltd. (NSE), if such date is not more than thirty days prior to the valuation date.
- Debt securities, if any, 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, if any, are valued at fair value in good faith by the AMC in accordance with the guidelines for valuation of such securities specified by SEBI.
- Privately placed debt securities are valued at fair value in good faith by the AMC in accordance with the guidelines for valuation of such securities specified by SEBI.

- Money market securities/Non traded/Thinly traded Non-Government Debt securities of upto 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 debt securities of over 182 days to maturity are valued on duration based yield to maturity as prescribed by SEBI.
 - In accordance with SEBI regulations, Government securities are valued at prices released by the Agency approved by AMFI.
- f. 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.
- g. In determining the holding cost of investments and gain or loss on sale of investments, weighted average method has been followed.

2.3 Income Recognition

- a. Dividend 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 is recognised on accrual basis.
- d. Income on non-performing assets (NPA), if any, is recognised on cash basis.
- e. Other income of miscellaneous nature is accounted for when there is certainty of collection.
- f. 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 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 or from 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 or sale of units after taking into account the face value of units and Income Equalisation.

2.7 Entry / Exit Load

With effect from April 29, 2005, entry load @ 1% of the NAV was charged for purchase of units on ongoing basis for subscriptions below Rs. 5.50 crores. Further, for existing unit holders having an investment in the Fund, there was no entry load on the amount of fresh (incremental) subscriptions, if the aggregate of the amount of original subscriptions outstanding with the Fund and fresh subscriptions exceeds Rs.5.50 crores.

With effect from July 7, 2005, no entry load was charged. Further, on redemption within one year of subscription, if redemption amount is less than Rs. 5 Crores, exit load of 1% was charged.

However, with effect from October 18, 2005, no entry / exit load is being charged.

The load charged is utilized towards meeting distribution and marketing expenses viz. commission to agents and publicity 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.

NOTES TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil (Previous Year : Rs. 71,249,429/-)
The above purchases were made on NSE and were accordingly settled on T+2 basis.
7. Sale of investments yet to be settled: Rs. 59,770,218/- (Previous Year : Rs. 66,486,333/-)
The above sales were made on NSE and were accordingly settled on T+2 basis.

8. Income and expenses

Average Net Assets (Rs.)	Year Ended March 31, 2006		Period Ended March 31, 2005	
	1,175,467,964		485,020,555	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of 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)	91,532,567	7.79%	11,592,029	8.39%
Total Expenditure (annual recurring expenses)	15,828,950	1.35%	3,104,589	2.25%

9. Aggregate Value of Purchase and Sale of Investments (including matured) during the year (Rs. In Lacs)

	2005-06	2004-05
Daily Average Net Assets	11,754.68	4,850.21
Purchases	75,698.69	12,569.40
% to Daily Average Net Assets	643.99%	259.15%
Sales	76,158.42	12,684.57
% to Daily Average Net Assets	647.90%	261.53%

10. Net Asset Value (Per unit)

(in Rs.)

	As on March 31, 2006	As on March 31, 2005
Face Value:		
Growth Option	1,000.0000	1,000.0000
Dividend Option	1,000.0000	N. A.
Net Asset Value:		
Growth Option	1,074.5522	1,007.0743
Dividend Option	1,012.2123	N. A.

The Scheme introduced Dividend Option with effect from September 30, 2005. Hence, previous year figures are not available.

The Scheme declared and paid a gross dividend of Rs. 20/- per unit in the Dividend Option with the record date of February 08, 2006. Accordingly, the amount of dividend payout per unit to Individuals was Rs.17.54 and to Others was Rs.16.33.

11. Cost & Market Value of Investments

(Rs. In Lacs)

	2005-06	2004-05
Cost (equity)	6,634.59	2,844.85
Market Value (equity)	7,105.66	2,837.02

Unrealized Appreciation/(Depreciation) in the value of investments is Rs. 471.07 Lacs (Previous Year Rs.7.83 Lacs). Contingent Liability with respect to Open Positions in Future Segment of Derivative stands at Rs.7,214.84 Lacs as on March 31, 2006.

12. Movement in Unit Capital

	2005-06				2004-05	
	Growth Option		Dividend Option		Growth Option*	
	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)
Opening Units	758,237.78	7,582.38	-	-	-	-
Units Issued	849,992.13	8,499.92	627,222.12	6,272.22	775,667.53	7,756.68
Units redeemed	770,431.92	7,704.32	192,850.38	1,928.50	17,429.75	174.30
Units at the end of the year	837,797.99	8,377.98	434,371.74	4,343.72	758,237.78	7,582.38

* The scheme introduced dividend option with effect from September 30, 2005. Hence, previous year figures are not available.

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As on March 31, 2006, there is no investor in the Scheme who holds more than 25% of the Scheme.

14. 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.

15. Investment Management Fees

Investment Management Fees is calculated on the daily average net assets of the Scheme. The details of management fees levied on an annualised basis are as follows :

(Rs. in Lacs)

	2005-06	2004-05
Daily Average Net Assets	11,754.68	4,850.21
Management Fees (in percentage)	0.67%	1.25%
Management Fees	79.04	17.24

16. Trustee Fees

In accordance with the terms of the Offer Document, Trustee fees has been charged @ 0.02 % of the daily average net assets of the Scheme.

17. Custodial Fees and Expenses

ICICI Bank Ltd. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, ICICI Bank Ltd. is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent Fees and Expenses

Karvy Computershare Pvt. Ltd. provides Registrar and Transfer Agency Services to the Scheme for which it receives the fees based on daily average net assets of the Scheme.

19. During the year ended March 31, 2006, Benchmark Trustee Company Pvt. Ltd. and Benchmark Asset Management Company Pvt. Ltd. did not make any investment in the Scheme.

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

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

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year no Scheme of the Fund has invested in any company which has invested more than 5% of the net asset value of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As on March 31, 2006, there were no unclaimed dividends or unclaimed redemption amounts in the Scheme.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

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

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

28. The audited results for the year ended March 31, 2006 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 23, 2006, 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 holder/investor may request a copy of the annual report of the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND*Benchmark Derivative Fund (BDF)***Schedules forming part of Balance Sheet as at March 31, 2006 and Revenue Account for the year ended March 31, 2006****Schedule I - NOTES TO ACCOUNTS****(In Rupees)**

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	December 18, 2004 to March 31, 2005
a) Net Asset Value, per unit		
i) Growth Plan	1,074.5522	1,007.0743
ii) Dividend Plan	1,012.2123	-
b) Gross Income per-unit broken into following components:		
i) Income other than profit on sale of investment, per unit	39.80	6.53
ii) Income from Profit on inter scheme sales/transfer of investment, per unit	-	-
iii) Income from profit on sale of investment to third party, per unit	204.27	7.56
iv) Transfer to Revenue account from past year's reserve, per unit	-	-
c) Aggregate of Expenses, Write off, Amortisation & Charges	214.29	4.09
d) Net income/(loss) (b-c)	29.78	10.00
e) Net Change in Unrealised Appreciation/(Depreciation) in value of investments	29.73	1.20
f) Repurchase Price during the year		
i) Highest		
Growth Plan	1,074.55	1,007.07
Dividend Plan	1,021.25	N.A
ii) Lowest		
Growth Plan	1,014.55	991.04
Dividend Plan	1,005.68	N.A
g) Resale Price during the year	-	
i) Highest		
Growth Plan	1,074.55	1,017.15
Dividend Plan	1,021.25	N.A
ii) Lowest		
Growth Plan	1,024.80	1,000.95
Dividend Plan	1,000.00	N.A
h) Market Price (National Stock Exchange)		
i) Highest		
Growth Plan	N.A	N.A
Dividend Plan	N.A	N.A

(In Rupees)		
PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2005 to March 31, 2006	December 18, 2004 to March 31, 2005
ii) Lowest		
Growth Plan	N.A	N.A
Dividend Plan	N.A	N.A
i) Price Earning Ratio	N.A	N.A
j) Ratio of expenses to the average net assets@	1.35%	2.25%
k) Ratio of gross income (including net profit/loss on sale/redemption of investments and net change in unrealised appreciation/depreciation in value of investments) to average net assets@	7.79%	8.39%

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

@ Annualised for the period ended March 31, 2005.

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. Rajji & Co.
Chartered Accountants

J. M. Gandhi
Partner
Membership No. 37924

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of Benchmark Split Capital Fund - Balanced ("the scheme"), a scheme of Benchmark Mutual Fund, as at 31st March, 2006 and the annexed Revenue Account for the period ended on that date. 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 the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. 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 presentation of the financial statements. 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 are in agreement with the books of account of the Scheme.
3. The accounts have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for non-traded securities adopted by the Scheme, which have been approved by the Trustee, are fair and reasonable and are in accordance with the guidelines for valuation issued by Securities and Exchange Board of India.
5. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the accounting policies and notes attached thereto, present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet of the state of affairs of the Scheme as at 31st March, 2006; and
 - b. In the case of the Revenue Account of the surplus of the Scheme for the period ended on that date.

**For and on behalf of
DALAL & SHAH
Chartered Accountants**

**ASHISH DALAL
Partner
Membership No: 33596**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND
Benchmark Split Capital Fund- Balanced
Balance Sheet as at March 31, 2006

(In Rupees)

	Schedule	March 31, 2006
LIABILITIES		
1. Unit Capital	A	41,623,400
2. Reserves and Surplus	B	1,034,309
Unrealised Appreciation in value of investments		5,891,723
Unit Holders' Funds		48,549,432
Total		48,549,432
ASSETS		
1. Investments	C	19,029,430
2. Deposits	D	28,167,572
3. Other Current Assets	E	402,293
4. Deferred Revenue Expenditure	F	950,137
Total		48,549,432

Accounting Policies and Notes to Accounts H

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

As per our Report of even date
For DALAL & SHAH
Chartered Accountants

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

Ashish Dalal
Partner
Membership No. 33596

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

BENCHMARK MUTUAL FUND
Benchmark Split Capital Fund- Balanced
Revenue Account for the period August 16, 2005 to March 31, 2006

(In Rupees)

Schedule	Period Ended March 31, 2006
1. INCOME AND GAINS	
1.1 Dividend	138,071
1.2 Interest	1,117,572
1.3 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)	32,834
1.4 Unrealised appreciation on investments (Net)	5,891,723
Total	7,180,200
2. EXPENSES AND LOSSES	
2.1 Loss on sale/redemption of investments (other than inter-scheme transfer/sale)	4,305
2.2 Initial Issue Expenses written off	249,863
Total	254,168
Surplus for the period	6,926,032
(Less): Unrealised Appreciation on Investments (Net) transferred to Balance Sheet	(5,891,723)
Balance carried to Balance Sheet	1,034,309

Accounting Policies and Notes to Accounts H

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

As per our Report of even date
For DALAL & SHAH
Chartered Accountants

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

Ashish Dalal
Partner
Membership No. 33596

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

BENCHMARK MUTUAL FUND*Benchmark Split Capital Fund- Balanced***Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the period August 16, 2005 to March 31, 2006**

(In Rupees)

March 31, 2006

SCHEDULE A

Unit Capital (Initial Capital) (Class A - 328,132 units of face value Rs.100 each) (Class B - 88,102 units of face value Rs.100 each)	41,623,400
Total	41,623,400

SCHEDULE B**RESERVES & SURPLUS**

Surplus as per Revenue account	1,034,309
Sub-Total	1,034,309
Total	1,034,309

SCHEDULE C**INVESTMENTS (Marked to Market)**(Refer **Schedule - G** for Portfolio Holding Statement as at March 31, 2006)

Equity Shares	19,029,430
Total	19,029,430

SCHEDULE D**DEPOSITS WITH SCHEDULED BANKS**

Term Deposits (maturing on 16-08-2008)	27,050,000
Add: Interest Accrued on Term Deposit	1,117,572
Total	28,167,572

SCHEDULE E**OTHER CURRENT ASSETS**

Balance with a Scheduled Bank in current account	397,837
Dividend Receivable	4,456
Total	402,293

SCHEDULE F**DEFERRED REVENUE EXPENDITURE**Initial Issue Expenses

Opening Balance	-
Add: Incurred during the year	2,136,527
(As per the allocation made by the Asset Management Company)	
Less: New Fund Offer load recovered from Investors	936,527
Total	1,200,000
Less: Written off during the year	249,863
Total	950,137

BENCHMARK MUTUAL FUND*Benchmark Split Capital Fund- Balanced*Schedules forming part of Balance Sheet as at March 31, 2006 and
Revenue Account for the period August 16, 2005 to March 31, 2006**Schedule - G Portfolio Holding Statement as at March 31, 2006**

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
EQUITY SHARES				
LISTED				
AUTO				
TATA MOTORS LTD	436	406,287		
BAJAJ AUTO LTD	117	321,311		
MARUTI UDYOG LTD	335	292,891		
HERO HONDA LTD	232	206,584		
MAHINDRA & MAHINDRA LTD	269	168,676	1,395,749	7.33
BANKS				
ICICI BANK LTD	1,013	596,708		
STATE BANK OF INDIA	610	590,785		
HDFC BANK LTD	362	280,278		
PUNJAB NATIONAL BANK	366	172,166		
ORIENTAL BANK OF COMMERCE	291	68,298	1,708,235	8.98
CEMENT				
GRASIM INDUSTRIES LTD	106	218,619		
ASSOCIATED CEMENT COMPANY LTD	214	167,391		
GUJARAT AMBUJA CEMENT LTD	1,569	162,078	548,088	2.88
CHEMICALS				
INDIAN PETROCHEMICALS CORPORATION LTD	288	75,557	75,557	0.40
CONSUMER NON DURABLES				
ITC LTD	4,356	850,073		
HINDUSTAN LEVER LTD	2,553	694,416		
DABUR INDIA LTD	664	82,336		
TATA TEA LTD	65	56,348	1,683,173	8.85
FERTILISERS				
TATA CHEMICALS LTD	249	65,649	65,649	0.34
FERROUS METALS				
STEEL AUTHORITY OF INDIA LTD	4,791	398,372		
TATA STEEL LTD	642	344,433	742,805	3.90
FINANCE				
HDFC LTD	289	386,335		
RELIANCE CAPITAL VENTURES LTD	1,616	40,158	426,493	2.24
GAS				
GAIL (INDIA) LTD	981	312,449		
RELIANCE NATURAL RESOURCES LTD	1,616	53,974	366,423	1.93

Scrip Name	Quantity	Market Value (Rs.)	Sub Total	% to Total
INDUSTRIAL CAPITAL GOODS				
BHARAT HEAVY ELECTRICALS LTD	284	636,714		
LARSEN & TOUBRO LTD	155	377,069		
ABB LTD	49	143,474	1,157,257	6.08
MEDIA AND ENTERTAINMENT				
ZEE TELEFILMS LTD	478	114,242	114,242	0.60
NON - FERROUS METALS				
HINDALCO INDUSTRIES LTD	1,345	245,731		
NATIONAL ALUMINIUM CO LTD	747	219,357	465,088	2.44
OIL				
OIL AND NATURAL GAS CORPORATION LTD	1,654	2,168,973	2,168,973	11.40
PETROLEUM PRODUCTS				
RELIANCE INDUSTRIES LTD	1,616	1,285,286		
BHARAT PETROLEUM CORPORATION LTD	348	148,004		
HINDUSTAN PETROLEUM CORPORATION LTD	394	126,021	1,559,311	8.19
PHARMACEUTICALS				
CIPLA LTD	348	230,463		
RANBAXY LABORATORIES LTD	432	186,775		
SUN PHARMACEUTICALS IND LTD	215	184,803		
GLAXOSMITHKLINE PHARMA LTD	98	142,330		
DR. REDDY'S LABORATORIES LTD	89	126,505	870,876	4.58
POWER				
RELIANCE ENERGY LTD	234	143,138		
TATA POWER CO LTD	230	133,952		
RELIANCE ENERGY VENTURES LTD	1,616	70,134	347,224	1.82
SOFTWARE				
TATA CONSULTANCY SERVICES LTD	557	1,066,933		
INFOSYS TECHNOLOGY LTD	316	942,122		
WIPRO LTD	1,638	916,789		
SATYAM COMPUTER SERVICES LTD	374	317,339		
HCL TECHNOLOGIES LTD	373	244,017	3,487,200	18.33
TELECOM - SERVICES				
BHARTI TELE-VENTURES LTD	2,192	904,748		
RELIANCE COMMUNICATION VENTURES LTD	1,616	498,859		
VIDESH SANCHAR NIGAM LTD	331	155,471		
MAHANAGAR TELEPHONE NIGAM LTD	731	134,285	1,693,363	8.90
TRANSPORTATION				
JET AIRWAYS (INDIA) LTD	100	98,265		
SHIPPING CORP OF INDIA LTD	327	55,459	153,724	0.81
TOTAL			19,029,430	100.00

BENCHMARK MUTUAL FUND

Benchmark Split Capital Fund - Balanced

Schedule - H: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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.

Benchmark Split Capital Fund-Balanced is close-ended for a duration of 3 years. The New Fund Offer of Benchmark Split Capital Fund - Balanced (SCF - Balanced) - Class A opened for public subscription on June 22, 2005 and closed on July 19, 2005 and Class B opened on June 22, 2005 and closed on July 21, 2005. The Scheme collected Rs. 42,924,073/- in the New Fund Offer. The units of the Scheme were allotted on August 16, 2005 at Rs.102.25.

The investment objective of the Scheme is to invest in equity and debt securities and pass on the collection proceeds to Class A and Class B unit holders in accordance with the priority of distribution specified in the Offer Document. The Class A units would be provided a specific participation rate in the returns of S&P CNX Nifty Index and will have priority over Class B units for distribution. Class A and Class B units are listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE). The NAV of each Class of unit is declared on every Wednesday.

The Scheme would provide 40% participation in the equity markets for Class A unit holders. Thus, the holder of Class A would receive 40% of the returns of S&P CNX Nifty Index on the date of maturity e.g. if S&P CNX Nifty Index is at 1500 on the date of allotment and has moved to 3000 (i.e. 100%) on the date of maturity, Class A unit holder would be entitled to 40% of returns (i.e.40% of 100%). If S&P CNX Nifty Index has moved below 1500 on the date of maturity, Class A unit holder would receive from the assets available for distribution on the date of maturity subject to maximum of its face value. Such redemption value may go below face value, if on the date of maturity, the assets available on that date are not sufficient to redeem Class A units fully.

Class B unitholders are entitled to the balance of the assets of the Scheme after paying off Class A unit holders as specified above.

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 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.
- 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, if any, including those not 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/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. Unrealised appreciation and changes thereon are recognized as gain/loss in the Revenue Account and thereafter carried to the Balance Sheet as Unrealised Appreciation Reserve.

2.4 Income Equalisation

The initial issue expenses, recognized to the extent of amount allocated by the AMC, are reduced by the amount recovered from the investors (New Fund Offer Load) and the balance charged to the Scheme is amortised on a daily basis over the period of maturity of the Scheme. The unamortized balance is included for calculating NAV.

2.5 Entry / Exit Load

The Fund charged a load of 2.25% at the time of the New Fund Offer. There is no exit load on redemption of the units.

NOTES TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil.
7. Sale of investments yet to be settled: Nil.

8. Income and Expenses

Average Net Assets (Rs.)	Period Ended March 31, 2006	
	44,203,254	
	Aggregate Value (Rs.)	Percentage of Average Net Assets (annualised)
Total income (including net profit on sale/ redemption of investments, unrealised appreciation in value of investments) for the period	7,175,895	16.23%
Total Expenditure (Annual Recurring Expenses) for the period	249,863	0.57%

9. Aggregate Value of Purchase and Sale of Investments during the period

(in Rs.)

	Current Period
Daily Average Net Assets	44,203,254
Purchase value @	13,341,428
% to Daily Average Net Assets	30.18%
Sale Value	232,250
% to Daily Average Net Assets	0.53%

@ Excludes Balance lying in Term Deposit.

10. Net Asset Value (Per unit)

(in Rs.)

	As at March 31, 2006
Face Value	100
NAV: Class A	117.1349
Class B	113.6896

11. Cost and Market Value of Investments

(in Rs.)

	2005-06
Purchase Cost	13,137,707
Market Value	19,029,430

Unrealised Appreciation in the value of investments is Rs.5,891,723.

12. Movement in Unit Capital

	2005-06	
	Units	Rs.
Initial Subscription		
Class A	328,132	32,813,200
Class B	88,102	8,810,200
Total	416,234	41,623,400
Units Issued	-	-
Units Redeemed	-	-
Units at the end of the year		
Class A	328,132	32,813,200
Class B	88,102	8,810,200
Total	416,234	41,623,400

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As on March 31, 2006, there is no investor in the Scheme holding more than 25% of the Scheme.

14. 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.

15. Investment Management Fees

No investment management has been charged to the Scheme for the period ended March, 31, 2006.

16. Trustee Fees

In accordance with the terms of Offer Document, the Trustee fee is charged @ 0.01 % of the daily average net assets of the Scheme. However, no Trustee fee has been charged to the Scheme for the period ended March 31, 2006.

17. Custodial Fees and Expenses

Citibank N.A. provides custodial services to the Scheme for which it receives custody fees including safekeeping. In addition, Citibank N.A. is reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL). However, no fee is allocated to the Scheme by the AMC.

18. Registrar and Transfer Agent Fees and Expenses

Karvy Computershare Private Limited provides Registrar and Transfer Agency Services to the Scheme. However no fee is allocated to the Scheme by the AMC.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested in Scheme during the period ended March 31, 2006 and holds 50,000 class A units in the Scheme as at March 31, 2006.

20. The Scheme has made following investments in Group/Associate Companies:

(in Rs.)

Name of the Associate	Aggregate investments during the period (at cost)	Outstanding investment at Market Value as on March 31, 2006
Bajaj Auto Ltd.	167,973	321,311

21. The Scheme has not made any investment in the issues lead managed by Associate Companies.

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the period no Scheme of the Fund has invested in any company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

As on March 31, 2006, there are no unclaimed dividend / redemption amount in the Scheme.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

26. A complete list of investments of the Scheme is given in **Schedule G**.

27. As this is the first financial statement of the Scheme, the previous year figures have not been provided. The Revenue account is drawn from August 16, 2005 to March 31, 2006.

28. The audited results for the period ended March 31, 2006 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 23, 2006, 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 the AMC.
3. On written request, present and prospective unit holders/investors can inspect a full list of investment of the Scheme at the office of the AMC.

BENCHMARK MUTUAL FUND*Benchmark Split Capital Fund- Balanced***Schedules forming part of Balance Sheet as at March 31, 2006 and Revenue Account for the period August 16, 2005 to March 31, 2006****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	August 16, 2005 to March 31, 2006
a) Net Asset Value per unit at the end of the period	
i) Class A	117.1349
ii) Class B	113.6896
b) i) Income other than profit on sale of investments	17.17
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	0.07
iv) Transfer to revenue account from past year's reserve	N.A.
c) Aggregate of expenses, write off, amortisation and charges	0.60
d) Net income/(loss) (b-c)	16.64
e) Unrealised Appreciation in value of investments	14.15
f) NAV	
i) Highest during the period	
Class A	117.4319
Class B	113.6896
ii) Lowest during the period	
Class A	100.0000
Class B	97.3670
g) Market Price (National Stock Exchange)	
i) Highest during the period	
Class A	120.0000
Class B	105.0000
ii) Lowest during the period	
Class A	71.0000
Class B	101.0000
h) Price Earning Ratio **	7.01
i) Ratio of expenses to the average daily net assets @	0.57%
j) Ratio of gross income (including unrealised appreciation in value of investments) to average daily net assets @	16.23%

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

** Price Earning Ratio is based on NAV as at March 31, 2006 and net income per unit.

@ Annualised for the period.

Accounting Policies and Notes to Accounts H

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

As per our Report of even date
For DALAL & SHAH
Chartered Accountants

Ashish Dalal
Partner
Membership No. 33596

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Sanjiv Shah
Executive Director

AUDITORS' REPORT

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

We have audited the attached Revenue Account for the period ended May 20, 2005, of Junior Bees Plan of Benchmark Fund of Funds (FoF), a scheme of Benchmark Mutual Fund. The Balance Sheet has not been prepared as the Scheme has been redeemed on May 20, 2005 and the unit holders were distributed assets of the Scheme as on the closing date. 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 Funds) 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 Revenue Account referred to above is 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 Trustee of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
- 4) 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 to accounts attached thereto, give a true & fair view in conformity with the generally accepted accounting principles in India:

In the case of Revenue Account of Benchmark Fund of Funds (FoF), the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the period ended May 20, 2005.

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

**J. M. GANDHI
Partner
Membership No. 37924**

Place : Mumbai
Dated : June 23, 2006

BENCHMARK MUTUAL FUND
Benchmark Fund of Funds Scheme (FoF)
Balance Sheet as at May 20, 2005

(In Rupees)

		JUNIOR BEES PLAN	
Schedule		April 01, 2005 to May 20, 2005	July 01, 2004 to March 31, 2005
LIABILITIES			
1.	Unit Capital	A	1,370,114
2.	Reserves & Surplus	B	91,059
3.	Unrealised Appreciation in value of Investments		417,656
		—	1,878,829
Unit Holders Funds		—	1,878,829
4.	Current Liabilities & Provisions	C	37,544
Total		—	1,916,373
ASSETS			
1.	Investments	D	1,725,594
2.	Other Current Assets	E	190,779
Total		—	1,916,373

Accounting Policies and Notes to Accounts **G**

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

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

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

J. M. Gandhi
Partner
Membership No. 37924

Dr. S.A.Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

BENCHMARK MUTUAL FUND*Benchmark Fund of Funds Scheme (FoF)***Revenue Account for the period ended May 20, 2005****(In Rupees)**

	Schedule	JUNIOR BEES PLAN	
		April 01, 2005 to May 20, 2005	July 01, 2004 to March 31, 2005
1. INCOME AND GAINS			
1.1 Dividend		–	2,251
1.2 Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		376,059	182,232
1.3 Net change in unrealised appreciation/(depreciation) on Investments		(417,656)	417,656
Total		(41,597)	602,139
2. EXPENSES AND LOSSES			
2.1 Management & Operating expenses	F	577	10,168
2.2 Initial Issue Expenses (Note No 2.6)		–	26,420
Total		577	36,588
Surplus / (Deficit) for the period		(42,173)	565,551
Add : Write back of provision for Unrealised Appreciation on Investments		417,656	–
Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		–	417,656
Add : Income Equalisation Account		–	51,327
		375,483	199,222
Balance brought forward from previous year		147,895	–
Add/(Less):Transfer from Unit Premium Reserve		–	–
Surplus available for distribution / (Deficit)		523,378	199,222
Appropriation			
Income Distribution		–	–
Balance carried to the Balance Sheet		523,378	199,222

Accounting Policies and Notes to Accounts G

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

As per our Report of even date

For N. M. Rajji & Co.

Chartered Accountants

J. M. Gandhi

Partner

Membership No. 37924

For and on behalf of

Benchmark Trustee Company Pvt. Ltd.

Dr. S. A. Dave

Chairman

Dr. A. C. Shah

Director

For and on behalf of

Benchmark Asset Management Company Pvt. Ltd.

D. S. Mehta

Chairman

S. R. Halbe

Director

Place : Mumbai

Date : June 23, 2006

Vishal Jain

Fund Manager

BENCHMARK MUTUAL FUND*Benchmark Fund of Funds Scheme (FoF)***Schedules forming part of Balance Sheet as at May 20, 2005 and
Revenue Account for the period ended May 20, 2005**

(In Rupees)

	JUNIOR BEES PLAN	
	April 01, 2005 to May 20, 2005	July 01, 2004 to March 31, 2005
SCHEDULE A		
UNIT CAPITAL	–	1,370,114
Total	–	1,370,114
No. of Units of face value of Rs.10/- each	–	137,011
SCHEDULE B		
RESERVES & SURPLUS		
Unit Premium Reserve		
Opening Balance	(108,163)	–
Add/(Less): on account of subscription/redemption of units	(415,215)	(108,163)
Less: Transfer to Revenue Account	–	–
Total	(523,378)	(108,163)
Surplus/(Deficit)		
Balance transferred from Revenue account	523,378	199,222
Total	523,378	199,222
GRAND TOTAL	–	91,059
SCHEDULE C		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Management Fee payable	–	1,208
Others	–	36,336
Total (A)	–	37,544
B. Provisions		
Total (B)	–	–
TOTAL (A) + (B)	–	37,544

(In Rupees)

JUNIOR BEES PLAN

April 01, 2005 to May 20, 2005	July 01, 2004 to March 31, 2005
--------------------------------------	---------------------------------------

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

Other Investments - Mutual Fund Units	-	1,725,594
Total	-	1,725,594

SCHEDULE E**OTHER CURRENT ASSETS**

Balances with Scheduled Banks in current account	-	190,779
Total	-	190,779

SCHEDULE F**MANAGEMENT & OTHER OPERATING EXPENSES**

Management Fees	-	1,208
Bank & Interest charges	64	-
Registrar Charges	510	-
Other Operating Expenses	3	8,960
Total	577	10,168

BENCHMARK MUTUAL FUND

Benchmark Fund Of Funds Scheme (FoF)

Schedule - G: Accounting Policies And Notes To Accounts

1. BACKGROUND

Benchmark Mutual Fund ("the Fund") has been sponsored by Niche Financial Services Pvt. Ltd. and has been 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.

Benchmark Fund of Funds Scheme is an open ended Fund of Funds Scheme investing in the underlying 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.

Since, out of the four plans under Benchmark Fund of Funds Scheme viz. Nifty BeES Plan, Junior BeES Plan, Nifty 100 Plan and Nifty Balanced Plan, three plans viz. Nifty BeES Plan, Nifty 100 Plan and Nifty Balanced Plan were wound up during the period ended March 31, 2005 and Junior BeES Plan has been wound up during the period ending March 31, 2006, the Revenue Account of Junior BeES plan is for the period ending May 20, 2005 i.e. the date of closure.

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 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.
- 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, if any, including those not 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 or 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 Revenue Account.

2.5 Unit Premium Reserve

Unit Premium Reserve is debited or credited at the time of purchase or 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 the Revenue Account in the first year.

2.7 Entry/Exit Load

The load charged at the time of purchase and sale of units is utilised towards meeting distribution and marketing expenses, viz. 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.

NOTES TO 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.11.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Nil (Previous Year: Nil)
7. Sale of investments yet to be settled: Nil (Previous Year: Nil)

8. Income and expenses

Average Net Assets (Rs.)	Period Ended May 20, 2005		Period Ended March 31, 2005	
	1,493,297		1,927,452	
	Aggregate Value (Rs.)	Percentage of average net assets	Aggregate Value (Rs.)	Percentage of 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)*	(41,597)	(21.18 %)	602,139	41.62%
Total Expenditure (Recurring Expenses)*	577	0.29%	10,169	0.70%

* Percentage to Average Net Assets annualised.

9. Aggregate Value of Purchase and Sale of Investments during the period

(In Rs.)

	2005-06	2004-05
Daily Average Net Assets	1,493,297	1,927,452
Purchases	Nil	2,489,758.39
% to Daily Average Net Assets	Nil	129.17%
Sales	1,685,262.27	1,066,431.77
% to Daily Average Net Assets	112.90%	55.32%

10. Net Asset Value (Per unit)

(in Rs.)

	2005-06	2004-05
Face Value	10.00	10.00
Net Asset Value	13.3012*	13.7129

* NAV as on May 19, 2005.

11. Cost and Market Value of Investments

(in Rs.)

	2005-06	2004-05
Cost	Nil	1,307,937.64
Market Value	Nil	1,725,593.91
Unrealised Appreciation	Nil	417,656.07

12. Movement in Unit Capital

	2005-06	2004-05
Opening Units	137,011.41	132,100.00
Units Issued	1,044.67	184,433.21
Units Redeemed	1,38,056.08	179,521.80
Units at the end the period	-	137,011.41

Note: Units of Face value of Rs.10/- each.

13. Details of Large Holding (more than 25% of the Net Assets of the Scheme)

As the Junior BeES Plan has been wound up, the details are not provided.

14. 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.

15. Investment Management Fees

No Investment Management Fees charged to the Scheme.

16. Trustee Fees

No Trustee Fees charged to the Scheme.

17. Custodial Fees and Expenses

CitiBank N.A. provided custodial services to the Scheme for which it received custody fees including safekeeping. In addition, Citibank N.A. was reimbursed for custody and transaction charges levied by depositories (i.e. NSDL/CDSL).

18. Registrar and Transfer Agent Fees and Expenses

Karvy Computershare Pvt. Ltd. provided Registrar and Transfer Agency Services to the Scheme for which it received the fees based on daily average net assets of the Scheme.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. and Benchmark Asset Management Company Pvt. Ltd. in the Scheme.

20. The Scheme has not made any investments in group/associate companies during the period ended May 20, 2005.

21. The Scheme has not made any investment in the issues lead managed by associate companies.

22. No brokerage, custodial fees or any other payment for services have been paid or is payable to any entity in which the AMC or its major shareholders have a substantial interest.

23. Disclosure under Regulation 25(11)

During the year, no Scheme of the Fund has invested in any company which has invested more than 5% of the net assets of any Scheme of the Fund.

24. Unclaimed Dividend/Redemption Amount

There were no unclaimed dividend or unclaimed redemption amounts in the Scheme as at March 31, 2006.

25. Registered Securities

In accordance with Regulation 44(1) of the 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.

26. Revenue account is drawn for the period April 1, 2005 to May 20, 2005 as the scheme has wound up pursuant to SEBI Circular No. SEBI/MD/CIR No. 10/22701/03 dated December 12, 2003 which provided that a Scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such Scheme/Plan(s).

27. The previous year figures have been regrouped/rearranged wherever necessary.
28. The audited results for the period ended May 20, 2005 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 23, 2006, respectively.

NOTES:

1. On written request, the 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 unit holders may request a copy of the annual report of the AMC.

Signatures to Schedules A to G forming part of the Balance Sheet and Revenue Account

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

J. M. Gandhi
Partner
Membership No. 37924

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

Dr. S. A. Dave
Chairman

Dr. A. C. Shah
Director

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

D. S. Mehta
Chairman

S. R. Halbe
Director

Place : Mumbai
Date : June 23, 2006

Vishal Jain
Fund Manager

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 Schemes will be achieved. • As with any investment in securities, the Net Asset Value (NAV) of the units issued under the Schemes can go up or down depending on the factors and forces affecting the capital market and money market. • Past performance of the Sponsor / Investment Manager / Mutual Fund and its affiliates does not indicate the future performance of the Schemes of the Mutual Fund and may not necessarily provide a basis of comparison with other investment. • Nifty Benchmark Exchange Traded Scheme (Nifty BeES), Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES), Liquid Benchmark Exchange Traded Scheme (Liquid BeES), Banking Index Benchmark Exchange Traded Scheme (Bank BeES), Benchmark Derivative Fund (BDF), Benchmark Split Capital Fund - Balanced (SCF - Balanced) and Benchmark Fund of Funds (FoF) are the names of the Schemes and does not in any manner indicate either the quality of the Schemes or its future prospects and the returns. Investors are therefore urged to study the terms of Offer Document carefully and consult their Investment Advisor before they invest in the Scheme. • Investors in the Schemes are not being offered any guaranteed or assured returns. • The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Fund beyond the initial contribution made by them of an amount of Rupees One Lac towards setting up of the Mutual Fund. • The Schemes' NAV will react to the stock market movements. The Investor could lose money over short periods due to fluctuation in the Schemes' 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 if any, and the text of the Schemes.
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.
3. On written request, the present and prospective unitholders/investors can inspect a full list of investment of the Schemes at the office of Benchmark Asset Management Company Pvt. Ltd.

BENCHMARK
M U T U A L F U N D

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

405, Raheja Chambers

Free Press Journal Marg

213, Nariman Point, Mumbai - 400 021

Phone: 91-22-6651 2727

Fax: 91-22-2200 3412

Email: webmaster@benchmarkfunds.com

Website: www.benchmarkfunds.com

Toll Free Number: 1800 - 22 - 5079