



ANNUAL REPORT 2006-07

**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.**

Office No. 4-5, 1st Floor,  
11/13, Botawala Building, Hornimon Circle,  
Fort, Mumbai - 400 001  
Tel: (91 22) 6777 6777  
Fax: (91 22) 6777 6999

**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](mailto: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

**The Bank of Nova Scotia**

12/13, Maker Chambers VI  
220, Nariman Point,  
Mumbai - 400 021  
Tel: (91 22) 6658 6940/24  
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**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**

**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.**

6<sup>th</sup> 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, 2007*

### **Dear Unit holders,**

We have pleasure in presenting our sixth report and the audited financial statements of the Schemes of Benchmark Mutual Fund for the year ended March 31, 2007.

### **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 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 judgements 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 viz. 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. e.g. 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.

#### **7. Gold BeES**

Gold Benchmark Exchange Traded Scheme (Gold BeES) is an open ended scheme in the form of an Exchange Traded Fund (ETF) which 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 returns provided by domestic price of gold through physical gold.

The New Fund Offer of Gold BeES opened on February 15, 2007 and closed on February 26, 2007 with Rs. 98,88,07,266/- being mobilized in the New Fund Offer. Allotment was made to 13,340 investors with March 8, 2007 being the allotment date. The units of Gold BeES were listed on National Stock Exchange of India Ltd. on March 19, 2007.

### **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 (As on March 31, 2007)

Particulars	Nifty BeES	Benchmark Returns	
		S&P CNX Nifty	S&P CNX Nifty Total Return Index
Since Inception	29.78%	28.23%	30.80%
Last Five Years	29.40%	27.54%	30.17%
Last Three Years	31.44%	29.20%	31.61%
Last One Year	14.33%	12.31%	14.32%
Last Six Months	7.43%	6.50%	7.39%
Last Three Months	(3.14%)	(3.65%)	(3.21%)
Last One Month	2.24%	2.04%	2.25%

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

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	January 8, 2007	Rs. 8.00 per unit
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

All dividends are on face value of Rs. 10/- per unit. After payment of dividend, per unit NAV will fall to the extent of the payout and distribution tax (if applicable). 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, 2007 were Rs. 159.80 crores held by 1,165 investors.

Annualised Tracking Error since inception is 0.12%. 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 (As on March 31, 2007)**

Particulars	Junior BeES	Benchmark Returns	
		CNX Nifty Junior	CNX Nifty Junior Total Return Index
Since Inception	48.03%	47.35%	50.15%
Last Three Years	27.41%	26.57%	28.69%
Last One Year	7.90%	7.27%	8.96%
Last Six Months	5.68%	5.65%	6.10%
Last Three Months	(3.12%)	(3.21%)	(2.94%)
Last One Month	2.50%	2.32%	2.54%

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. All dividends are on face value of Rs. 10/- per unit. After payment of dividend, per unit NAV will fall to the extent of the payout and distribution tax (if applicable).

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, 2007 were Rs. 3.39 crores held by 263 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 (As on March 31, 2007)**

Particulars	Liquid BeES #	Benchmark Returns Crisil Liquid Fund Index
Since Inception	5.16%	4.93%
Last Three Years	5.37%	5.13%
Last One Year	6.89%	6.37%
Last Six Months	7.71%	6.43%
Last Three Months	8.65%	6.95%
Last One Month	10.63%	7.76%

# Returns are based on Income distributed including Dividend Distribution Tax. Actual Dividend in the hands of each investor will vary based on category and rate of Dividend Distribution Tax applicable thereof.

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, 2007 were Rs. 165.48 crores held by 1,825 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 (As on March 31, 2007)

Particulars	Bank BeES	Benchmark Returns	
		CNX Bank Index	CNX Bank Total Return Index
Since Inception	31.36%	29.78%	32.43%
Last One Year	15.41%	13.88%	16.18%
Last Six Months	0.75%	0.61%	0.83%
Last Three Months	(11.38%)	(11.65%)	(11.52%)
Last One Month	1.43%	1.30%	1.37%

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	January 8, 2007	Rs. 7.00 per unit
Dividend	February 15, 2006	Rs. 8.00 per unit

All dividends are on face value of Rs. 10/- per unit. After payment of dividend, per unit NAV will fall to the extent of the payout and distribution tax (if applicable). 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, 2007 were Rs. 3,300.29 crores held by 120 investors.

Annualised Tracking Error since inception is 0.39%. 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%-80% in Equities and Convertible Debentures, 10%-80% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options, 20%-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%-80% in Equities and Convertible Debentures, 50%-80% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options and 20%-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 0%-25% in Equities and Convertible Debentures, 0%-25% in Derivatives including Index Futures, Stock Futures, Index Options and Stock Options and 75%-100% in money market, debt instruments and cash at call.

### Performance Record (As on March 31, 2007)

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	6.95%	7.93%	32.46%	3.96%	5.48%
Last One Year	8.49%	8.50%	12.31%	3.72%	6.37%
Last Six Months	4.36%	4.36%	6.50%	0.95%	3.24%
Last Three Months	2.57%	2.57%	(3.65%)	(0.16%)	1.77%
Last One Month	0.82%	0.82%	2.04%	0.03%	0.68%

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

Past performance may or may not be sustained.

Note: For Benchmark Derivative Fund - Dividend Plan, the returns are calculated after considering the following income distribution:

Type of Distribution	Record Date	Income Distribution (Including Dividend Dividend Distribution Tax)#
Dividend	September 27, 2006	Rs. 20.00 per unit
Dividend	June 28, 2006	Rs. 25.00 per unit
Dividend	February 08, 2006	Rs. 20.00 per unit

# Actual Income in the hands of the investors will vary based on category and rate of Dividend Distribution Tax applicable thereon.

All dividends are on face value of Rs. 1000/- per unit. After payment of dividend, per unit NAV will fall to the extent of the payout and distribution tax (if applicable). 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, 2007 were Rs. 121.21 crores held by 465 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 (As on March 31, 2007)**

Particulars	Benchmark Split Capital Fund-Balanced		Benchmark Returns S&P CNX Nifty
	Class A	Class B	
Since Inception	12.91%	17.67%	34.26%
Last One Year	6.76%	17.39%	12.31%
Last Six Months	3.40%	8.62%	6.50%
Last Three Months	(2.03%)	4.17%	(3.65%)
Last One Month	1.04%	1.49%	2.04%

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

Past performance may or may not be sustained.

For calculating returns since inception, the allotment price has been taken at 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, 2007 were Rs. 5.26 crores held by 544 investors.

**7. Gold Benchmark Exchange Traded Scheme (Gold BeES)**

As per the investment pattern, Gold BeES invests 90%-100% in physical gold and 0%-10% in money market instruments or securitised debts, bonds including cash at call. The Scheme tracks domestic price of gold and is open ended passively managed scheme.

**Performance Record (As on March 31, 2007)**

Particulars	Gold BeES	Benchmark Return Physical price of Gold
Since Inception	0.27%	(0.45%)

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

Total assets under management as on March 31, 2007 were Rs. 96.26 crores held by 15,767 investors.

**TOTAL ASSETS UNDER MANAGEMENT**

As on March 31, 2007 total assets under management were Rs. 3,851.69 crores for all the Schemes.

**FUTURE PLANS**

The Fund would endeavour to increase the assets under management by launching new schemes and also increasing the asset under management of the current Schemes.

**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/investors can obtain a copy of the Trust Deed, the Annual Report and the text of the Schemes. Unit holders, if they so desire, may request the Annual Report of 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  
Date : June 29, 2007

## AUDITORS' REPORT

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

We have audited the attached Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended on that date annexed thereto, of Nifty Benchmark Exchange Traded Scheme (Nifty BeES), a scheme of Benchmark Mutual Fund. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

1. We have obtained all information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of accounts of the Scheme.
3. The accounts have been prepared in accordance with the accounting policies adopted by the trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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, 2007; 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, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND**  
*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)*  
**Balance Sheet as at March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007	March 31, 2006
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	41,474,766	46,974,766
2.	Reserves & Surplus	<b>B</b>	1,541,512,896	1,163,428,407
3.	Provision for Unrealised Appreciation in the value of Investments		15,027,910	406,575,127
	<b>Unit Holders Funds</b>		<b>1,598,015,572</b>	<b>1,616,978,300</b>
4.	Current Liabilities & Provisions	<b>C</b>	56,337,931	2,494,347
	<b>Total</b>		<b>1,654,353,503</b>	<b>1,619,472,647</b>
<b>ASSETS</b>				
1.	Investments	<b>D</b>	1,590,817,730	1,613,269,434
2.	Other Current Assets	<b>E</b>	63,535,773	6,203,213
	<b>Total</b>		<b>1,654,353,503</b>	<b>1,619,472,647</b>

**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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND**  
*Nifty Benchmark Exchange Traded Scheme (Nifty BeES)*  
**Revenue Account for the year ended March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007	March 31, 2006
<b>1. INCOME AND GAINS</b>				
1.1	Dividend		36,982,441	12,229,216
1.2	Other Income		-	1,791
1.3	Profit on sale / redemption of investments (other than inter-scheme transfer/sale)		1,433,506,143	123,203,834
1.4	Profit on Futures		2,184,881	-
1.5	Net Change in unrealised appreciation/ (depreciation) on investments		(391,547,217)	369,683,859
1.6	Sundry Credit Balances written back		14,122	-
<b>Total</b>			<b>1,081,140,370</b>	<b>505,118,700</b>
<b>2. EXPENSES AND LOSSES</b>				
2.1	Management & Other Operating Expenses	F	12,508,472	5,395,246
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		151,545,040	4,395,666
2.3	Loss on Futures		1,505,276	-
<b>Total</b>			<b>165,558,788</b>	<b>9,790,912</b>
<b>Surplus / (Deficit) for the year</b>			<b>915,581,582</b>	<b>495,327,788</b>
Add: Write back of provision for unrealised appreciation on investments			406,575,127	36,891,268
Less: Provision for unrealised appreciation on investments carried to Balance Sheet			15,027,910	406,575,127
Add: Income Equalisation Reserve			(764,074,816)	308,073,015
			<b>543,053,983</b>	<b>433,716,944</b>
Balance brought forward from Previous year			487,070,521	53,353,577
<b>Surplus available for distribution</b>			<b>1,030,124,504</b>	<b>487,070,521</b>
<b>Appropriation</b>				
Income Distribution			38,459,812	-
<b>Balance Carried to the Balance Sheet</b>			<b>991,664,692</b>	<b>487,070,521</b>

**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 29, 2007

**Vishal Jain**

Fund Manager

**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
		41,474,766	46,974,766
	<b>Total</b>	<b>41,474,766</b>	<b>46,974,766</b>
	No. of units of face value of Rs.10/- each	4,147,477	4,697,477
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Unit Premium Reserve</b>		
	Opening Balance	676,357,886	81,481,568
	Add/(Less): on account of subscription/redemption of units	(126,509,682)	594,876,318
		<b>549,848,204</b>	<b>676,357,886</b>
	<b>Surplus / (deficit)</b>		
	Balance transferred from Revenue Account	991,664,692	487,070,521
	<b>Total</b>	<b>1,541,512,896</b>	<b>1,163,428,407</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	<b>Current Liabilities</b>		
	Contracts for purchase of investments	789,200	226,042
	Management Fees Payable	462,447	405,326
	Trusteeship Fees Payable	42,222	39,995
	Payable on repurchase of units	49,051,400	–
	Others	5,992,662	1,822,984
		<b>56,337,931</b>	<b>2,494,347</b>
	<b>Provisions</b>	–	–
	<b>Total</b>	<b>56,337,931</b>	<b>2,494,347</b>
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b> (Refer Schedule G for Portfolio Holding Statement)		
	Equity Shares	1,590,817,730	1,613,269,434
	<b>Total</b>	<b>1,590,817,730</b>	<b>1,613,269,434</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>E</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with Scheduled Banks in Current Account	13,106,609	5,728,929
	Contracts for sale of investments	49,300,203	82,881
	Others	1,128,961	391,403
	<b>Total</b>	<b>63,535,773</b>	<b>6,203,213</b>
<b>F</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>		
	Management Fees	7,355,016	2,951,670
	Trusteeship Fees	358,260	91,096
	Selling, Marketing and Distribution Expenses	625,887	1,362,933
	Audit Fees	56,180	68,394
	Custodial Fees	2,722,565	367,456
	Registrar Expenses	963,171	401,568
	Investor Communication Expenses	61,199	10,452
	Listing, Licensing and Other Fees	366,046	131,913
	Other Operating Expenses	148	9,764
	<b>Total</b>	<b>12,508,472</b>	<b>5,395,246</b>

**BENCHMARK MUTUAL FUND***Nifty Benchmark Exchange Traded Scheme (Nifty BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****Schedule - G Portfolio Holding Statement as on March 31, 2007**

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>			
<b>LISTED</b>			
<b>AUTO</b>			
TATA MOTORS LTD	32,149	23,410,902	
MARUTI UDYOG LTD	24,083	19,752,877	
HERO HONDA MOTORS LTD	16,647	11,465,621	
BAJAJ AUTO LTD	8,440	20,488,944	
MAHINDRA & MAHINDRA LTD	20,381	15,905,332	
		<b>91,023,676</b>	<b>5.72</b>
<b>BANKS</b>			
HDFC BANK LTD	26,297	25,091,283	
ICICI BANK LTD	74,535	63,604,442	
ORIENTAL BANK OF COMMERCE	20,890	3,920,009	
PUNJAB NATIONAL BANK	26,288	12,465,770	
STATE BANK OF INDIA	43,866	43,622,544	
		<b>148,704,048</b>	<b>9.35</b>
<b>CEMENT</b>			
GRASIM INDUSTRIES LTD	7,649	16,008,592	
GUJARAT AMBUJA CEMENTS LTD	126,432	13,490,294	
ASSOCIATED CEMENT COMPANIES LTD	15,606	11,474,312	
		<b>40,973,198</b>	<b>2.58</b>
<b>CHEMICALS</b>			
INDIAN PETROCHEMICALS CORPORATION LTD	25,072	6,789,498	
		<b>6,789,498</b>	<b>0.43</b>
<b>CONSUMER NON-DURABLES</b>			
ITC LTD	313,483	47,382,955	
HINDUSTAN LEVER LTD	183,970	37,750,644	
DABUR INDIA LTD	71,781	6,819,195	
		<b>91,952,794</b>	<b>5.78</b>
<b>FERROUS METALS</b>			
STEEL AUTHORITY OF INDIA LTD	344,291	39,352,461	
TATA STEEL LTD	48,379	21,753,617	
		<b>61,106,078</b>	<b>3.84</b>
<b>FINANCE</b>			
HOUSING DEVELOPMENT FINANCE CORP LTD	20,883	31,737,983	
		<b>31,737,983</b>	<b>2.00</b>
<b>GAS</b>			
GAIL (INDIA) LTD	70,488	18,647,600	
		<b>18,647,600</b>	<b>1.17</b>
<b>INDUSTRIAL CAPITAL GOODS</b>			
BHARAT HEAVY ELECTRICALS LTD	20,405	46,142,847	
LARSEN & TOUBRO LTD	23,399	37,908,720	
ABB LTD	3,495	12,406,202	
SUZLON ENERGY LTD	23,984	24,019,976	
SIEMENS LTD	14,050	15,324,335	
		<b>135,802,080</b>	<b>8.54</b>



Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>MEDIA &amp; ENTERTAINMENT</b>			
ZEE TELEFILMS LTD	36,142	9,060,799	
		<b>9,060,799</b>	<b>0.57</b>
<b>NON-FERROUS METALS</b>			
HINDALCO INDUSTRIES LTD	96,667	12,595,710	
NATIONAL ALUMINIUM COMPANY LTD	53,715	12,550,510	
		<b>25,146,220</b>	<b>1.58</b>
<b>OIL</b>			
OIL & NATURAL GAS CORPORATION LTD	178,163	156,925,970	
		<b>156,925,970</b>	<b>9.86</b>
<b>PETROLEUM PRODUCTS</b>			
RELIANCE INDUSTRIES LTD	116,067	159,046,610	
BHARAT PETROLEUM CORPORATION LTD	30,131	9,122,160	
HINDUSTAN PETROLEUM CORPORATION LTD	28,288	7,009,766	
		<b>175,178,536</b>	<b>11.01</b>
<b>PHARMACEUTICALS</b>			
RANBAXY LABORATORIES LTD	31,072	10,934,237	
SUN PHARMACEUTICAL INDUSTRIES LTD	16,022	16,926,442	
CIPLA LTD	64,795	15,343,456	
GLAXO SMITHKLINE PHARMACEUTICALS LTD	7,044	7,888,576	
DR. REDDY'S LABORATORIES LTD	13,992	10,189,674	
		<b>61,282,385</b>	<b>3.85</b>
<b>POWER</b>			
RELIANCE ENERGY LTD	19,031	9,405,120	
TATA POWER COMPANY LTD	16,492	8,399,376	
		<b>17,804,496</b>	<b>1.12</b>
<b>SOFTWARE</b>			
TATA CONSULTANCY SERVICES LTD	81,566	100,640,209	
INFOSYS TECHNOLOGIES LTD	47,041	94,959,315	
WIPRO LTD	120,122	67,196,247	
SATYAM COMPUTER SERVICES LTD.	54,846	25,796,816	
HCL TECHNOLOGIES LTD	54,228	15,802,039	
		<b>304,394,626</b>	<b>19.13</b>
<b>TELECOM - SERVICES</b>			
BHARTI TELE-VENTURES LTD	158,028	120,717,589	
VIDESH SANCHAR NIGAM LTD	23,750	9,554,625	
MAHANAGAR TELEPHONE NIGAM LTD	52,507	7,705,402	
RELIANCE COMMUNICATION LTD	170,427	71,732,724	
		<b>209,710,340</b>	<b>13.18</b>
<b>TRANSPORTATION</b>			
JET AIRWAYS (INDIA) LTD.	7,229	4,577,403	
		<b>4,577,403</b>	<b>0.29</b>
<b>TOTAL</b>		<b>1,590,817,730</b>	<b>100.00</b>

## **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 the 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. The Fund also allows cash subscription/redemption of Nifty BeES in pre-defined size, whereby the Fund will arrange to buy/sell the underlying index securities on behalf of the investors.

#### **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. In absence of such a quoted price on the valuation date, the last available quoted price within a period of thirty days prior to the valuation date is used for valuation purpose.

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 appreciation and changes thereon are recognized as gain/loss in the Revenue Account and thereafter carried to the Balance Sheet as Unrealized Appreciation Reserve.

### **2.4 Income Equalization**

An appropriate portion of price of unit at the time of purchase and sale is transferred to Income Equalization Account. In arriving at the portion of the price to be transferred to Income Equalization Account, surplus/deficit (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalization 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 Equalization.

### **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: Rs.789,200/- (Previous Year - Rs. 226,042/-). The above purchases were made on NSE and were accordingly settled on T + 2 basis.
7. Sale of investments yet to be settled: Rs.49,300,203/- (Previous Year - Rs. 82,881/-). The above sales were made on NSE and were accordingly settled on T + 2 basis.

**8. Income & Expenses**

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Year Ended March 31, 2006	
	3,582,821,452		910,958,996	
	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)	928,090,053	25.90%	500,723,034	54.97%
Total expenditure (Annual recurring expenses)	12,508,473	0.35%	5,395,246	0.59%

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

	2006-07 Rs. (In Lacs)	2005-06 Rs. (In Lacs)
Daily Average Net Assets	35,828.21	9,109.59
Purchases	239,647.12	16,275.00
% to Daily Average Net Assets	668.88%	178.66%
Sales	248,775.78	7,237.00
% to Daily Average Net Assets	694.36%	79.44%

**10. Net Asset Value (Per Unit - in Rs.)**

	As on March 31, 2007	As on March 31, 2006
Face Value	10.00	10.00
Net Asset Value	385.2983	344.2228

The Scheme declared and paid a dividend of Rs. 8/- per unit with the record date of January 8, 2007.

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

	Amount (Rs. In Lacs)	
	2006-07	2005-06
Cost	15,757.90	12,066.94
Market Value	15,908.18	16,132.69
Unrealised Appreciation in the Value of investments	150.28	4,065.75

**12. Movement of Unit Capital**

Particulars	2006-07		2005-06	
	Units	Rs. (in Lacs)	Units	Rs. (in Lacs)
Initial Units (on the date of Allotment)	2,011,631	201.16	2,011,631	201.16
Units at the beginning of the year	4,697,477	469.75	1,087,477	108.75
Units Issued	35,810,000	3,581.00	5,580,000	558.00
Units Redeemed	36,360,000	3,636.00	1,970,000	197.00
<b>Units at the end of the year</b>	<b>4,147,477</b>	<b>414.75</b>	<b>4,697,477</b>	<b>469.75</b>

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

As on March 31, 2007 there is no investor in the Scheme who holds more than 25% of the net assets 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:

**(Rupees)**

	<b>2006-07</b>	<b>2005-06</b>
Daily Average Net Assets	3,582,821,452.05	910,958,996.00
Management Fees (in %)	0.21%	0.32%
Management Fees	7,355,015.53	2,951,670.00

**16. Trustee Fees**

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

**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 by depositories (i.e. NSDL / CDSL).

**18. Registrar and Transfer Agent Fees and Expenses**

Karvy Computershare Private 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 units of the Scheme during the year ended March 31, 2007 but does not hold any units in the Scheme as at March 31, 2007.

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

<b>Name of the Associate</b>	<b>Aggregate of investments during the Year (at Cost - in Rs. Lacs)</b>	<b>Outstanding investment at Market Value (in Rs. Lacs) as on March 31, 2007</b>
Bajaj Auto Ltd.	3,855.80	204.89

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)**

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

#### 24. Unclaimed Dividend / Redemption Amount

As on March 31, 2007 unclaimed dividend amount is Rs. 97,616.65 which represents 225 un-encashed dividend warrants. As on March 31, 2007 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, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments 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, 2007 and Revenue Account for the year ended March 31, 2007****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

Sr. No.	PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005
a)	Net Asset Value, per unit at the end of the year	385.2983	344.2228	203.6859
b) i)	Income other than profit on sale of investments, per unit	8.92	2.60	3.80
ii)	Income (net) from profit / (loss) on inter scheme sales/transfer of investments, per unit	-	-	-
iii)	Income (net) from profit / (loss) on sale of investment to third parties, per unit	309.09	25.29	28.03
iv)	Transfer to Revenue account from past year's reserve, per unit	-	-	-
c)	Aggregate of expenses, write off, amortisation & charges, per unit	3.02	1.15	1.35
d)	Net Income / (loss) per unit (b - c)	315.00	26.74	30.48
e)	Net Change in Unrealised Appreciation / (Depreciation) in the value of investments	(94.41)	78.70	12.42
f)	Repurchase Price during the year			
i)	Highest	424.0293	345.8872	217.0612
ii)	Lowest	267.1589	190.3001	139.4534
g)	Resale Price during the year			
i)	Highest	424.0293	345.8872	217.0612
ii)	Lowest	267.1589	190.3001	139.4534
h)	Market Price (National Stock Exchange)			
i)	Highest	445.00	387.00	245.00
ii)	Lowest	217.25	183.25	141.00
i)	Price Earning Ratio **	2.93	3.74	3.05
j)	Ratio of expenses to the average net assets	0.35%	0.59%	0.80%
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	25.95%	54.97%	26.27%

- \* 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. Raiji & 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 29, 2007

**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, 2007 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 trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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, 2007 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, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND***Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Balance Sheet as at March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	603,988	1,183,988
2.	Reserves & Surplus	<b>B</b>	32,554,757	41,697,503
3.	Provision for Unrealised Appreciation in the value of Investments		735,350	18,694,000
	<b>Unit Holders Funds</b>		<b>33,894,095</b>	<b>61,575,491</b>
4.	Current Liabilities & Provisions	<b>C</b>	215,174	148,688
	<b>Total</b>		<b>34,109,269</b>	<b>61,724,179</b>
<b>ASSETS</b>				
1.	Investments	<b>D</b>	33,715,149	61,463,322
2.	Other Current Assets	<b>E</b>	394,120	260,857
	<b>Total</b>		<b>34,109,269</b>	<b>61,724,179</b>

**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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND***Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>1.</b>	<b>INCOME AND GAINS</b>			
1.1	Dividend		771,501	1,113,301
1.2	Profit on sale / redemption of investments (other than inter-scheme transfer/sale)		34,457,014	19,864,443
1.3	Net Change in unrealised appreciation/ (depreciation) on investments		(17,958,650)	9,038,314
	<b>Total</b>		<b>17,269,865</b>	<b>30,016,058</b>
<b>2.</b>	<b>EXPENSES AND LOSSES</b>			
2.1	Management & Other Operating Expenses	<b>F</b>	625,593	659,703
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		2,981,816	1,589,340
	<b>Total</b>		<b>3,607,409</b>	<b>2,249,043</b>
	<b>Surplus / (Deficit) for the year</b>		<b>13,662,456</b>	<b>27,767,015</b>
	Add: Write back of provision for unrealised appreciation on investments		18,694,000	9,655,686
	Less: Provision for unrealised appreciation on investments carried to Balance Sheet		735,350	18,694,000
	Add: Income Equalisation Reserve		(26,574,047)	(15,768,813)
			<b>5,047,059</b>	<b>2,959,888</b>
	Balance brought forward from Previous year		28,543,069	25,583,181
	<b>Surplus available for distribution</b>		<b>33,590,128</b>	<b>28,543,069</b>
	<b>Appropriation</b>			
	Income Distribution		—	—
	Balance Carried to the Balance Sheet		<b>33,590,128</b>	<b>28,543,069</b>

**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 29, 2007

**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, 2007 and  
Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
		603,988	1,183,988
	<b>Total</b>	<b>603,988</b>	<b>1,183,988</b>
	No. of units of face value of Rs.1.25 each	483,190	947,190
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Unit Premium Reserve</b>		
	Opening Balance	13,154,434	45,628,284
	Add/(Less): on account of subscription/ redemption of units	(14,189,805)	(32,473,850)
		<b>(1,035,371)</b>	<b>13,154,434</b>
	<b>Surplus/Deficit</b>		
	Balance transferred from Revenue Account	33,590,128	28,543,069
	<b>Total</b>	<b>32,554,757</b>	<b>41,697,503</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	<b>Current Liabilities</b>		
	Management Fees Payable	13,817	25,539
	Trusteeship Fees Payable	8,738	7,095
	Unutilised Load	21,537	21,537
	Others	171,082	94,517
		<b>215,174</b>	<b>148,688</b>
	<b>Provisions</b>	–	–
	<b>Total</b>	<b>215,174</b>	<b>148,688</b>
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b>		
	(Refer <b>Schedule G</b> for Portfolio Holding Statement)		
	Equity Shares	33,715,149	61,463,322
	<b>Total</b>	<b>33,715,149</b>	<b>61,463,322</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>E</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with Scheduled Banks in Current Account	361,084	260,857
	Others	33,036	–
	<b>Total</b>	<b>394,120</b>	<b>260,857</b>
<b>F</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>		
	Management Fees	312,304	329,815
	Trusteeship Fees	31,391	32,989
	Selling, Marketing and Distribution Expenses	4,640	7,625
	Audit Fees	56,180	1,537
	Custodial Fees	153,980	143,561
	Registrar Expenses	36,915	54,376
	Investor Communication Expenses	293	2,171
	Listing, Licensing and Other Fees	29,890	86,420
	Other Operating Expenses	–	1,209
	<b>Total</b>	<b>625,593</b>	<b>659,703</b>

**BENCHMARK MUTUAL FUND***Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****Schedule - G Portfolio Holding Statement as on March 31, 2007**

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>			
<b>LISTED</b>			
<b>AUTO</b>			
ASHOK LEYLAND LTD	13,812	530,381	
TVS MOTOR COMPANY LTD	2,479	147,624	
PUNJAB TRACTORS LTD	634	193,941	
		<b>871,946</b>	<b>2.59</b>
<b>AUTO ANCILLARIES</b>			
APOLLO TYRES LTD	484	135,447	
		<b>135,447</b>	<b>0.40</b>
<b>BANKS</b>			
ANDHRA BANK	5,064	385,117	
BANK OF BARODA	3,803	817,835	
BANK OF INDIA	5,089	853,934	
CANARA BANK	4,280	833,530	
INDIAN OVERSEAS BANK	5,686	584,237	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	7,557	586,423	
UNION BANK OF INDIA	5,274	548,496	
UTI BANK LTD	2,935	1,439,324	
VIJAYA BANK	4,526	192,581	
VYSYA BANK LTD	947	165,583	
CORPORATION BANK	1,499	433,586	
SYNDICATE BANK	5,450	348,255	
KOTAK MAHINDRA BANK LTD	3,403	1,631,398	
		<b>8,820,299</b>	<b>26.16</b>
<b>CONSTRUCTION</b>			
JAIPRAKASH ASSOCIATES LTD	2,274	1,226,141	
		<b>1,226,141</b>	<b>3.64</b>
<b>CONSUMER NON-DURABLES</b>			
ASIAN PAINTS LTD	1,001	763,363	
NIRMA LTD	1,654	265,963	
		<b>1,029,326</b>	<b>3.05</b>
<b>FINANCE</b>			
LIC HOUSING FINANCE LTD	885	122,086	
INDUSTRIAL FINANCE CORPORATION OF INDIA	6,667	224,011	
INFRASTRUCTURE DEVELOPMENT FINANCE CO. LTD	11,748	983,308	
RELIANCE CAPITAL LTD	2,339	1,563,154	
		<b>2,892,559</b>	<b>8.58</b>
<b>HOTELS</b>			
INDIAN HOTELS CO LTD	6,121	893,360	
		<b>893,360</b>	<b>2.65</b>
<b>HARDWARE</b>			
MOSER BEAR INDIA LTD	1,165	348,452	
		<b>348,452</b>	<b>1.03</b>

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>INDUSTRIAL CAPITAL GOODS</b>			
BHARAT ELECTRONICS LTD	836	1,257,344	
INGERSOLL RAND (INDIA) LTD	330	92,021	
		<b>1,349,365</b>	<b>4.00</b>
<b>INDUSTRIAL PRODUCTS</b>			
BHARAT FORGE LTD	2,324	733,338	
CUMMINS INDIA LTD	2,065	546,812	
		<b>1,280,150</b>	<b>3.80</b>
<b>NON-FERROUS METALS</b>			
STERLITE INDUSTRIES (INDIA) LTD	5,829	2,734,967	
		<b>2,734,967</b>	<b>8.11</b>
<b>PETROLEUM PRODUCTS</b>			
CHENNAI PETROLEUM CORPORATION LTD	1,556	292,061	
BONGAIGAON REFINERY & PETROCHEMICALS LTD	2,086	84,796	
IBP CO LTD	232	94,331	
RELIANCE PETROLEUM LTD	46,956	3,359,702	
		<b>3,830,890</b>	<b>11.36</b>
<b>PHARMACEUTICALS</b>			
AUROBINDO PHARMA LTD	559	379,309	
AVENTIS PHARMA LTD	241	296,659	
BIOCON LTD	1,045	508,079	
CADILA HEALTHCARE LTD	1,310	441,077	
NICHOLAS PIRAMAL INDIA LTD	2,181	533,691	
LUPIN LTD	839	508,602	
PFIZER LTD	311	249,515	
WOCKHARDT LTD	1,143	454,743	
		<b>3,371,675</b>	<b>10.00</b>
<b>SOFTWARE</b>			
I-FLEX SOLUTIONS LTD	849	1,767,321	
MPHASIS BFL LTD	1,695	479,261	
PATNI COMPUTER SYSTEM LTD	1,444	558,972	
POLARIS SOFTWARE LAB LTD	1,026	185,296	
		<b>2,990,850</b>	<b>8.87</b>
<b>TELECOM - SERVICES</b>			
TATA TELESERVICES (MAHARASHTRA) LTD	18,889	398,558	
		<b>398,558</b>	<b>1.18</b>
<b>TEXTILE PRODUCTS</b>			
RAYMOND LTD	640	222,368	
		<b>222,368</b>	<b>0.66</b>
<b>TRANSPORTATION</b>			
CONTAINER CORPORATION OF INDIA LTD	677	1,318,796	
		<b>1,318,796</b>	<b>3.91</b>
<b>TOTAL</b>		<b>33,715,149</b>	<b>100.00</b>

## 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 total returns of securities as represented by the 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. The Fund also allows cash subscription/redemption of Junior BeES in pre-defined size, whereby the Fund will arrange to buy/sell the underlying index securities on behalf of the investors.

#### 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. In absence of such a quoted price on the valuation date, the last available quoted price within a period of thirty days prior to the valuation date is used for valuation purpose.

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 appreciation and changes thereon are recognized as gain/loss in the Revenue Account and thereafter carried to the Balance Sheet as Unrealized Appreciation Reserve.

## 2.4 Income Equalization

An appropriate portion of price of unit at the time of purchase and sale is transferred to Income Equalization Account. In arriving at the portion of the price to be transferred to Income Equalization Account, surplus/deficit (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalization 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 Equalization.

## 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

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Year Ended March 31, 2006	
	62,781,783		65,977,629	
	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)	14,288,049	22.76%	28,426,718	43.09%
Total expenditure (Annual recurring expenses)	625,595	1.00%	659,703	1.00%

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

	<b>2006-07 Rs. (In Lacs)</b>	<b>2005-06 Rs. (In Lacs)</b>
Daily Average Net Assets	627.82	659.78
Purchases	4,203.95	347.91
% to Daily Average Net Assets	669.61%	52.73%
Sales	4,616.60	909.74
% to Daily Average Net Assets	735.34%	137.89%

**10. Net Asset Value (Per Unit - in Rs.)**

	<b>As on March 31, 2007</b>	<b>As on March 31, 2006</b>
Face Value	1.25	1.25
Net Asset Value	70.1465	65.0084

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

	<b>Amount (Rs. In Lacs)</b>	
	<b>2006-07</b>	<b>2005-06</b>
Cost	329.80	427.69
Market Value	337.15	614.63
Unrealised Appreciation in the Value of investments	7.35	186.94

**12. Movement in Unit Capital**

<b>Particulars</b>	<b>2006-07</b>		<b>2005-06</b>	
	<b>Units</b>	<b>Rs. (in Lacs)</b>	<b>Units</b>	<b>Rs. (in Lacs)</b>
Initial Units (on the date of Allotment)	85,119	8.51	85,119	8.51
Units at the beginning of the year	947,190	11.84	2,099,190	26.24
Units Issued	5,936,000	74.20	416,000	5.20
Units Redeemed	6,400,000	80.00	1,568,000	19.60
<b>Units at the end of the year</b>	<b>483,190</b>	<b>6.04</b>	<b>947,190</b>	<b>11.84</b>

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

As on March 31, 2007, there is no investor in the Scheme holding more than 25% of the net assets 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:

	Amount (In Rs.)	
	2006-07	2005-06
Daily Average Net Assets	62,781,783.09	65,977,629.00
Management Fees (in %)	0.50%	0.50%
Management Fees	312,303.60	329,815.00

#### 16. Trustee Fees

In accordance with the terms of Offer Document, the Trustee fees is 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

Karvy Computershare Private 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 units of the Scheme during the year ended March 31, 2007 but does not hold any units in the Scheme as at March 31, 2007.

20. The Scheme has not made any investments in any Group/Associate Companies.

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)

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

#### **24. Unclaimed Dividend/Redemption Amount**

As on March 31, 2007 unclaimed dividend amount is Rs.2,980/- which represents 9 un-encashed dividend warrants. The same has been transferred to Unclaimed Dividend Account. There is no unclaimed redemption amount in respect of the scheme as on March 31, 2007.

#### **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, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments 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, 2007 and Revenue Account for the year ended March 31, 2007****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

Sr. No.	PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005
a)	Net Asset Value, per unit at the end of the year	70.1465	65.0084	43.2295
b)	i) Income other than profit on sale of investments, per unit	1.60	1.18	0.63
	ii) Income (net) from profit / (loss) on inter scheme sales/transfer of investments, per unit	-	-	-
	iii) Income (net) from profit / (loss) on sale of investments to third parties, per unit	65.14	19.29	3.34
	iv) Transfer to Revenue account from past year's reserve, per unit	-	-	-
c)	Aggregate of expenses, write off, amortisation & charges, per unit	1.29	0.70	0.29
d)	Net Income / (loss) per unit (b - c)	65.44	19.77	3.68
e)	Net Change in unrealised appreciation / (depreciation) in the value of investments	(37.17)	9.54	2.81
f)	Repurchase Price during the year			
	i) Highest	76.4614	65.0084	47.2051
	ii) Lowest	46.0241	40.6997	26.8726
g)	Resale Price during the year			
	i) Highest	76.4614	65.0084	47.2051
	ii) Lowest	46.0241	40.6997	26.8726
h)	Market Price (National Stock Exchange)			
	i) Highest	77.00	64.90	50.80
	ii) Lowest	43.00	40.05	26.23
i)	Price Earning Ratio **	6.72	20.51	6.07
j)	Ratio of expenses 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 / depreciation in value of investments) to average net assets	22.76%	43.09%	23.59%

- \* 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 29, 2007

**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, 2007 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 trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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, 2007; 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, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND***Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Balance Sheet as at March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	1,654,751,749	1,427,185,823
2.	Reserves & Surplus	<b>B</b>	15	–
	<b>Unit Holders Funds</b>		<b>1,654,751,764</b>	<b>1,427,185,823</b>
3.	Current Liabilities & Provisions	<b>C</b>	224,870,594	11,749,237
	<b>Total</b>		<b>1,879,622,358</b>	<b>1,438,935,060</b>
<b>ASSETS</b>				
1.	Investments	<b>D</b>	950,533,492	1,014,657,839
2.	Deposits	<b>E</b>	682,208,493	395,690,562
3.	Other Current Assets	<b>F</b>	246,880,373	28,586,659
	<b>Total</b>		<b>1,879,622,358</b>	<b>1,438,935,060</b>

**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

**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 29, 2007

**Payal Kaipunjaj**  
Fund Manager



**BENCHMARK MUTUAL FUND**  
*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)*  
**Revenue Account for the year ended March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007	March 31, 2006
<b>1.</b>	<b>INCOME AND GAINS</b>			
1.1	Interest		100,932,487	69,076,023
1.2	Other Income		2,400	11,999
1.3	Profit on Sale / Redemption of investments (other than inter-scheme transfer / sale)		134,135	-
	<b>Total</b>		<b>101,069,022</b>	<b>69,088,022</b>
<b>2.</b>	<b>EXPENSES AND LOSSES</b>			
2.1	Management & Other Operating Expenses	<b>G</b>	7,878,495	7,155,925
	<b>Total</b>		<b>7,878,495</b>	<b>7,155,925</b>
	<b>Surplus / (Deficit) for the year</b>		<b>93,190,527</b>	<b>61,932,097</b>
	Balance brought forward from Previous year		-	-
	Surplus available for distribution		<b>93,190,527</b>	<b>61,932,097</b>
	<b>Appropriation</b>			
	Income Distribution (Inclusive of distribution tax of Rs. 14,227,128/- (Previous year Rs. 9,823,856/-))		93,190,512	61,932,097
	<b>Balance Carried to the Balance Sheet</b>		<b>15</b>	<b>-</b>

**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

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

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

**Dr. S. A. Dave**                      **Dr. A. C. Shah**  
Chairman                                      Director

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

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

Place : Mumbai  
Date : June 29, 2007

**Payal Kaipunjaj**  
Fund Manager

**BENCHMARK MUTUAL FUND***Liquid Benchmark Exchange Traded Scheme (Liquid BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
		1,654,751,749	1,427,185,823
	<b>Total</b>	<b>1,654,751,749</b>	<b>1,427,185,823</b>
	No. of Units of face value of Rs.1,000/- each	1,654,751.610	1,427,185.690
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Unit Premium Reserve</b>		
	Opening Balance	—	—
	Add/(Less): on account of subscription/ redemption of units	—	—
		<b>—</b>	<b>—</b>
	<b>Surplus / (deficit)</b>		
	Balance transferred from Revenue Account	15	—
	<b>Total</b>	<b>15</b>	<b>—</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	<b>Current Liabilities</b>		
	Management Fees Payable	438,930	465,220
	Trusteeship Fees Payable	39,921	32,687
	Units application pending allotment	201,220,000	325,990,000
	Unit redemption payable	18,162,000	(316,990,000)
	Sundry Creditors for expenses	2,495,923	1,528,967
		<b>222,356,774</b>	<b>11,026,874</b>
	<b>Provisions</b>	2,513,820	722,363
	<b>Total</b>	<b>224,870,594</b>	<b>11,749,237</b>
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b>		
	(Refer <b>Schedule H</b> for Portfolio Holding Statement)		
	Non Convertible Debentures	100,000,000	149,863,150
	Certificates of Deposits	198,623,492	98,044,233
	Privately Placed Debentures / Bonds	651,910,000	717,186,900
	Commercial Paper	—	49,563,556
	<b>Total</b>	<b>950,533,492</b>	<b>1,014,657,839</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>E</b>	<b>DEPOSITS WITH SCHEDULED BANKS</b>		
	Term Deposits	682,208,493	395,690,562
	<b>Total</b>	<b>682,208,493</b>	<b>395,690,562</b>
<b>F</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with Scheduled Banks in Current Account	3,905,546	18,195,140
	Outstanding and Accrued income	20,392,827	9,921,519
	Units Subscription Receivable	201,220,000	–
	Units Pending Redemption	18,162,000	–
	Others	3,200,000	470,000
	<b>Total</b>	<b>246,880,373</b>	<b>28,586,659</b>
<b>G</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>		
	Management Fees	3,935,435	465,224
	Trusteeship Fees	131,356	110,414
	Selling, Marketing and Distribution Expenses	379,401	3,748,712
	Audit Fees	56,180	78,870
	Custodial Fees	541,200	452,740
	Registrar Expenses	2,461,629	1,161,077
	Investor Communication Expenses	117,783	33,937
	Listing, Licensing and Other Fees	96,600	239,654
	Other Operating Expenses	158,911	865,297
	<b>Total</b>	<b>7,878,495</b>	<b>7,155,925</b>

**BENCHMARK MUTUAL FUND**

*Liquid Benchmark Exchange Traded Scheme (Liquid BeES)*  
**Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007**

**Schedule H - Portfolio Holding Statement as on March 31, 2007**

Scrip Name	Rating	Quantity	Market Value (Amount in Rs.)	% to Total
<b>DEBT INSTRUMENTS</b>				
<b>Non Convertible Debentures</b>				
KOTAK MAHINDRA PRIME LTD	P1+	100	100,000,000	
<b>Total (A)</b>			<b>100,000,000</b>	<b>6.12</b>
<b>Certificates of Deposits</b>				
ICICI BANK LTD	P1+	500,000	49,965,757	
IDBI BANK LTD	A1+	500,000	49,727,444	
KOTAK MAHINDRA BANK LTD	P1+	500,000	49,333,241	
STATE BANK OF SAURASHTRA	A1+	500,000	49,597,050	
<b>Total (B)</b>			<b>198,623,492</b>	<b>12.17</b>
<b>OTHERS - DEPOSITS</b>				
<b>Floating Rate Notes - MIBOR Linked</b>				
UTI BANK LTD			110,800,000	
IDBI BANK LTD			541,110,000	
<b>Total (C)</b>			<b>651,910,000</b>	<b>39.93</b>
<b>Total (A+B+C)</b>			<b>950,533,492</b>	<b>58.22</b>
<b>Term Deposits with Scheduled Banks</b>				
HDFC BANK LTD			11,555,767	
UTI BANK LTD			163,000,000	
YES BANK LTD			120,866,096	
STATE BANK OF PATIALA			261,801,835	
CENTURION BANK OF PUNJAB			50,984,795	
PUNJAB NATIONAL BANK			74,000,000	
<b>Total (D)</b>			<b>682,208,493</b>	<b>41.78</b>
<b>Grand Total (A+B+C+D)</b>			<b>1,632,741,985</b>	<b>100.00</b>

## **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 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. 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 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. In valuing the Scheme's investments:

- Debt securities listed on a recognized 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 / installment has fallen due.

### **2.3 Income Recognition**

- a. Interest on fixed income investments are recognized 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 recognized 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 Equalization**

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 or 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)

**8. Income and Expenses**

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Year Ended March 31, 2006	
	1,313,564,872		1,104,142,302	
	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)	101,069,022	7.69%	69,088,022	6.26%
Total expenditure (Annual recurring expenses)	7,878,495	0.60%	7,155,925	0.65%

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

	2006-07 Rs. (In Lacs)	2005-06 Rs. (In Lacs)
Daily Average Net Assets	13,135.65	11,041.42
Purchases	92,850.82	92,359.68
% to Daily Average Net Assets	706.86%	836.48%
Sales	90,440.40	87,994.41
% to Daily Average Net Assets	688.51%	796.95%

**10. Net Asset Value (Per Unit - in Rs.)**

	As on March 31, 2007	As on March 31, 2006
Face Value	1,000.0000	1,000.0000
Net Asset Value	1,000.0000	1,000.0000

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

	Amount (Rs. In Lacs)	
	2006-07	2005-06
Cost	16,327.42	14,103.48
Market Value	16,327.42	14,103.48
Unrealised Appreciation in the Value of investments	NIL	NIL

**12. Movement in Unit Capital**

	2006-07		2005-06	
	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)
Initial Units (on the date of Allotment)	89,650.000	896.50	89,650.000	896.50
Units at the beginning of the year	1,427,185.690	14,271.86	960,770.690	9,607.71
Units Issued	7,078,524.510	70,785.25	5,950,083.000	59,500.83
Units Issued towards reinvestment of Dividend*	77,825.300	778.25	51,871.000	518.71
Units Redeemed	6,928,783.890	69,287.84	5,535,539.000	55,355.39
<b>Units at the end of the year</b>	<b>1,654,751.610</b>	<b>16,547.52</b>	<b>1,427,185.690</b>	<b>14,271.86</b>

\* 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, 2007 there is no investor in the Scheme who holds more than 25% of the net assets 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:

	Amount (In Rs.)	
	2006-07	2005-06
Daily Average Net Assets	1,313,564,872.00	1,104,142,302.00
Management Fees (in %)	0.30%	0.30% *
Management Fees	3,935,434.74	465,224.00

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

**16. Trustee Fees**

In accordance with the terms of Offer Document, the Trustee fees is 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**

Karvy Computershare Private Limited provides Registrar and Transfer Agency Services to the Scheme, for which it receives 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 units in the Scheme during the year ended March 31, 2007 and holds 1059.102 units in the Scheme as at March 31, 2007.

20. The Scheme has not made any investments in any Group/Associate Companies.

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)

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

### 24. Unclaimed Dividend/Redemption Amount

As on March 31, 2007 there is 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 H.

27. Previous year figures have been regrouped/rearranged wherever necessary.

28. The audited results for the year ended March 31, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments 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, 2007 and Revenue Account for the year ended March 31, 2007****Schedule I - NOTES TO ACCOUNTS****(In Rupees)**

Sr. No. PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	April 1, 2004 to March 31, 2005
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, per unit	61.00	48.41	33.75
ii) Income (net) from profit / (loss) on inter scheme sales/transfer of investments, per unit	-	-	-
iii) Income (net) from profit / (loss) on sale of investment to third parties, per unit	0.08	-	-
iv) Transfer to Revenue account from past year's reserve, per unit	-	-	-
c) Aggregate of expenses, write off, amortisation & charges, per unit	4.76	5.01	4.19
d) Net Income / (loss) per unit (b - c)	56.32	43.40	29.56
e) Net Change in unrealised appreciation / (depreciation) in the 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	1,000.05	1,189.90	1,100.00
ii) Lowest	900.00	816.40	999.96
i) Price Earning Ratio **	17.76	23.04	33.83
j) Ratio of expenses to the average net assets	0.60%	0.65%	0.65%
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	7.69%	6.26%	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.

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 29, 2007

**Payal Kaipunjaj**  
Fund Manager

## AUDITORS' REPORT

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

We have audited the attached Balance Sheet as at March 31, 2007 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 trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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, 2007; 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, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND***Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Balance Sheet as at March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	619,774,740	113,974,740
2.	Reserves & Surplus	<b>B</b>	32,383,098,541	5,017,778,894
3.	Provision for Unrealised Appreciation in the value of Investments		-	198,497,079
	<b>Unit Holders Funds</b>		<b>33,002,873,281</b>	<b>5,330,250,713</b>
4.	Current Liabilities & Provisions	<b>C</b>	3,256,171,255	7,057,569
<b>Total</b>			<b>36,259,044,536</b>	<b>5,337,308,282</b>
<b>ASSETS</b>				
1.	Investments	<b>D</b>	32,912,039,584	5,304,838,424
2.	Other Current Assets	<b>E</b>	3,347,004,952	32,469,858
<b>Total</b>			<b>36,259,044,536</b>	<b>5,337,308,282</b>

**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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND***Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>1.</b>	<b>INCOME AND GAINS</b>			
1.1	Dividend		242,783,766	115,622,699
1.2	Interest		455	2,039,659
1.3	Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		4,889,578,730	2,528,893,899
1.4	Profit on futures		188,577,562	–
1.5	Net Change in unrealised appreciation/ (depreciation) on investments		(714,645,010)	(66,837,240)
	<b>Total</b>		<b>4,606,295,503</b>	<b>2,579,719,017</b>
<b>2.</b>	<b>EXPENSES AND LOSSES</b>			
2.1	Management & Other Operating expenses	<b>F</b>	141,586,509	60,171,870
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		2,455,796,005	443,776,122
2.3	Loss on futures		68,791,921	–
	<b>Total</b>		<b>2,666,174,435</b>	<b>503,947,992</b>
	<b>Surplus / (Deficit) for the year</b>		<b>1,940,121,068</b>	<b>2,075,771,025</b>
	Add : Write back of provision for Unrealised Appreciation on Investments		198,497,079	265,334,318
	Less: Provision for Unrealised Appreciation on Investments carried to Balance Sheet		–	198,497,079
	Add : Transfer to Income Equalisation Reserve		12,043,381,747	1,783,583,701
			<b>14,181,999,894</b>	<b>3,926,191,965</b>
	Balance brought forward from previous year		3,915,386,548	65,974,375
	<b>Surplus available for distribution</b>		<b>18,097,386,442</b>	<b>3,992,166,340</b>
	<b>Appropriation</b>			
	Income Distribution		840,682,318	76,779,792
	<b>Balance carried to the Balance Sheet</b>		<b>17,256,704,124</b>	<b>3,915,386,548</b>

**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

**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 29, 2007

**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, 2007 and  
Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
		619,774,740	113,974,740
	<b>Total</b>	<b>619,774,740</b>	<b>113,974,740</b>
	No. of Units of face value of Rs.10/- each	61,977,474	11,397,474
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Unit Premium Reserve</b>		
	Opening Balance	1,102,392,346	476,275,013
	Add/(Less): on account of subscription/ redemption of units	14,024,002,071	626,117,333
		<b>15,126,394,417</b>	<b>1,102,392,346</b>
	<b>Surplus/(Deficit)</b>		
	Balance transferred from Revenue account	17,256,704,124	3,915,386,548
	<b>Total</b>	<b>32,383,098,541</b>	<b>5,017,778,894</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	<b>Current Liabilities</b>		
	Management Fees payable	17,959,879	1,880,369
	Trusteeship Fee payable	1,272,895	236,838
	Others	3,236,938,481	4,940,362
		<b>3,256,171,255</b>	<b>7,057,569</b>
	<b>Provisions</b>	–	–
	<b>Total</b>	<b>3,256,171,255</b>	<b>7,057,569</b>
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b>		
	(Refer <b>Schedule - G</b> for Portfolio Holding Statement)		
	Equity Shares	32,912,039,584	5,304,838,424
	<b>Total</b>	<b>32,912,039,584</b>	<b>5,304,838,424</b>
<b>E</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with Scheduled Banks in current account	118,394,954	32,469,858
	Others	3,228,609,998	–
	<b>Total</b>	<b>3,347,004,952</b>	<b>32,469,858</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>F</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>		
	Management Fees	105,022,087	41,904,831
	Trusteeship Fees	3,146,471	1,314,475
	Selling, Marketing and Distribution Expenses	12,845,172	6,577,405
	Audit Fees	56,180	333,363
	Custodial Fees	9,000,496	1,915,663
	Registrar Expenses	7,751,891	6,382,127
	Listing, Licensing and Other Fees	3,587,365	1,229,279
	Other Operating Expenses	176,847	514,727
	<b>Total</b>	<b>141,586,509</b>	<b>60,171,870</b>



**BENCHMARK MUTUAL FUND***Banking Index Benchmark Exchange Traded Scheme (Bank BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****Schedule - G Portfolio Holding Statement as on March 31, 2007**

<b>Scrip Name</b>	<b>Quantity</b>	<b>Market Value (Amount in Rs.)</b>	<b>% to Total</b>
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>			
<b>LISTED</b>			
<b>BANKS</b>			
BANK OF BARODA	5,093,247	1,095,302,767	3.33
BANK OF INDIA	6,815,391	1,143,622,610	3.47
CANARA BANK	5,732,692	1,116,441,767	3.39
CORPORATION BANK	2,005,643	580,132,238	1.76
HDFC BANK LTD	4,421,268	4,218,552,862	12.82
ICICI BANK LTD	12,510,770	10,676,065,580	32.44
KOTAK MAHINDRA BANK LTD	2,345,870	1,124,610,078	3.42
ORIENTAL BANK OF COMMERCE	3,503,301	657,394,433	2.00
PUNJAB NATIONAL BANK	4,408,681	2,090,596,530	6.35
STATE BANK OF INDIA	7,358,900	7,318,058,105	22.24
SYNDICATE BANK	3,543,497	226,429,458	0.69
UNION BANK OF INDIA	7,062,911	734,542,744	2.23
UTI BANK LTD	3,936,155	1,930,290,412	5.86
<b>TOTAL</b>		<b>32,912,039,584</b>	<b>100.00</b>

## **BENCHMARK MUTUAL FUND**

*Banking Index Benchmark Exchange Traded Scheme (Bank 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.

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 the 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. The Fund also allows cash subscription/redemption of Bank BeES in pre-defined size, whereby the Fund will arrange to buy/sell the underlying index securities on behalf of the investors.

#### **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. In absence of such a quoted price on the valuation date, the last available quoted price within a period of thirty days prior to the valuation date is used for valuation purpose.

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 Equalization Account. In arriving at the portion of the price to be transferred to Income Equalization Account, surplus/deficit (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalization 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 Equalization.

### 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: Rs. 834,799,771.09 (Previous Year - NIL)
7. Sale of investments yet to be settled: Rs.2,851,024,617.76 (Previous Year - NIL)

**8. Income and expenses**

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Year Ended March 31, 2006	
	31,464,549,919		13,144,749,177	
	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)	2,081,707,576	6.62%	2,135,942,897	16.25%
Total Expenditure (Annual Recurring Expenses)	141,586,509	0.45%	60,171,870	0.46%

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

	2006-07 Rs. (In Lacs)	2005-06 Rs. (In Lacs)
Daily Average Net Assets	314,645.50	131,447.49
Purchases	836,667.65	328,699.40
% to Daily Average Net Assets	265.91%	250.06%
Sales	577,788.15	323,810.84
% to Daily Average Net Assets	183.63%	246.34%

**10. Net Asset Value (Per unit - in Rs.)**

	As on March 31, 2007	As on March 31, 2006
Face Value	10	10
Net Asset Value	532.4979	467.6701

The Scheme declared and paid a dividend of Rs. 7/- per unit on record date of January 8, 2007.

**11. Cost and Market Value of Investments**

	Amount (Rs. In Lacs)	
	2006-07	2005-06
Cost	334,281.88	51,063.41
Market Value	329,120.40	53,048.38
Unrealised Appreciation/(Depreciation) in the Value of investments	(5,161.48)	1,984.97

**12. Movement in Unit Capital**

	2006-07		2005-06	
	Units	Rs. (in Lacs)	Units	Rs. (in Lacs)
Initial Units (on the date of Allotment)	177,474	17.75	177,474	17.75
Units at the beginning of the year	11,397,474	1,139.75	7,877,474	787.75
Units Issued	151,920,000	15,192.00	72,980,000	7,298.00
Units Redeemed	101,340,000	10,134.00	69,460,000	6,946.00
<b>Units at the end of the year</b>	<b>61,977,474</b>	<b>6,197.75</b>	<b>11,397,474</b>	<b>1,139.75</b>

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

As on March 31, 2007 there are 2 investors in the Scheme who hold 95.55% of the net assets 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:

	Amount (In Rs.)	
	2006-07	2005-06
Daily Average Net Assets	31,464,549,919.23	13,144,749,177.00
Management Fees (in percentage)	0.33%	0.32%
Management Fees	105,022,086.92	41,904,831.00

**16. Trustee Fees**

In accordance with the terms of Offer Document, the Trustee fees is 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**

Karvy Computershare Private 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 units in the Scheme during the year ended March 31, 2007 but does not hold any units in the Scheme as at March 31, 2007.

20. The Scheme has not made any investments in any Group/Associate Companies.

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)

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

### 24. Unclaimed Dividend/Redemption Amount

As on March 31, 2007 unclaimed dividend amount is Rs. 1,007/- which represents 8 un-encashed dividend warrants. There is no unclaimed redemption amount in respect of the Scheme as on March 31, 2007.

### 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, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments 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, 2007 and Revenue Account for the year ended March 31, 2007****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

Sr. No.	PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	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	532.4979	467.6701	359.1892
b)	i) Income other than profit on sale of investments per unit	3.92	10.32	1.43
	ii) Income (net) from profit / (loss) on inter scheme sales/transfer of investments, per unit	-	-	-
	iii) Income (net) from profit/(loss) on sale of investments to third parties, per unit	39.27	182.95	7.58
	iv) Transfer to revenue account from past year's reserve, per unit	-	-	-
c)	Aggregate of expenses, write off, amortisation and charges, per unit	2.28	5.28	0.63
d)	Net Income / (loss) per unit (b - c)	40.91	187.99	8.38
e)	Net Change in Unrealised Appreciation / (Depreciation) in the value of investments	(11.53)	(5.86)	33.68
f)	Repurchase Price during the year			
	i) Highest	640.8481	486.2816	398.7897
	ii) Lowest	350.1991	321.6453	219.8002
g)	Resale Price during the year			
	i) Highest	640.8481	486.2816	398.7897
	ii) Lowest	350.1991	321.6453	219.8002
h)	Market Price (National Stock Exchange)			
	i) Highest	637.00	500.00	410.00
	ii) Lowest	350.00	333.00	223.00
i)	Price Earning Ratio**	1.80	1.37	1.40
j)	Ratio of expenses to the average net assets @	0.45%	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 @	6.83%	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 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 29, 2007

**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, 2007 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 trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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, 2007; 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, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND***Benchmark Derivative Fund (BDF)***Balance Sheet as at March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	1,107,475,456	1,272,169,716
2.	Reserves & Surplus	<b>B</b>	104,646,786	29,037,847
3.	Unrealised Appreciation in value of investments		-	38,726,452
	<b>Unit holders Funds</b>		<b>1,212,122,242</b>	<b>1,339,934,015</b>
4.	Current Liabilities & Provisions	<b>C</b>	204,581,924	273,946,115
<b>Total</b>			<b>1,416,704,166</b>	<b>1,613,880,130</b>
<b>ASSETS</b>				
1.	Investments	<b>D</b>	657,634,186	810,566,182
2.	Deposits	<b>E</b>	675,120,000	720,567,170
3.	Other Current Assets	<b>F</b>	83,949,980	82,746,778
<b>Total</b>			<b>1,416,704,166</b>	<b>1,613,880,130</b>

**Accounting Policies and Notes to Accounts I**

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

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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND***Benchmark Derivative Fund (BDF)***Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Schedule</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>1.</b>	<b>INCOME AND GAINS</b>			
1.1	Dividend		9,627,684	7,330,043
1.2	Interest		73,027,240	43,301,520
1.3	Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		81,964,826	69,461,169
1.4	Profit on Futures		373,331,984	190,406,956
1.5	Net change in unrealised appreciation/(depreciation) on Investments		(69,293,100)	37,817,602
	<b>Total</b>		<b>468,658,634</b>	<b>348,317,290</b>
<b>2.</b>	<b>EXPENSES AND LOSSES</b>			
2.1	Management & Other Operating expenses	<b>G</b>	24,131,587	15,828,950
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		65,305,097	45,303,993
2.3	Loss on Futures		256,130,853	211,480,730
	<b>Total</b>		<b>345,567,537</b>	<b>272,613,673</b>
	<b>Surplus / (Deficit) for the year</b>		<b>123,091,097</b>	<b>75,703,617</b>
	Add/(Less) : Writeback of provision for Unrealised Appreciation on Investments		38,726,452	908,850
	Add/(Less) : Unrealised Appreciation on Investments		—	(38,726,452)
	<b>Add/(Less) : Income Equalisation Account</b> transferred to Balance Sheet		(40,788,519)	21,876,772
			<b>121,029,030</b>	<b>59,762,787</b>
	Balance brought forward from previous year		58,123,526	8,319,419
	<b>Surplus available for distribution / (Deficit)</b>		<b>179,152,556</b>	<b>68,082,206</b>
	<b>Appropriation</b>			
	Income Distribution (Inclusive of Distribution Tax of Rs. 60,31,877 (Previous Year Rs. 13,71,740))		42,364,167	9,958,680
	<b>Balance carried to the Balance Sheet</b>		<b>136,788,389</b>	<b>58,123,526</b>

**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 and on behalf of

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

Chartered Accountants

**J. M. Gandhi****Dr. S. A. Dave****Dr. A. C. Shah**

Partner

Chairman

Director

Membership No. 37924

For and on behalf of

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

Chairman

Director

Place : Mumbai

**Vishal Jain**

Date : June 29, 2007

Fund Manager

**BENCHMARK MUTUAL FUND***Benchmark Derivative Fund (BDF)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
		1,107,475,456	1,272,169,716
	<b>Total</b>	<b>1,107,475,456</b>	<b>1,272,169,716</b>
	No. of Units of face value of Rs.1000/- each	1,107,475	1,272,170
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Unit Premium Reserve</b>		
	Opening Balance	(29,085,679)	(3,864,295)
	Add/(Less): on account of subscription/ redemption of units	(3,055,924)	(25,221,384)
	Less: Transfer to Revenue Account	—	—
		<b>(32,141,603)</b>	<b>(29,085,679)</b>
	<b>Surplus/(Deficit)</b>		
	Balance transferred from Revenue account	136,788,389	58,123,526
	<b>Total</b>	<b>104,646,786</b>	<b>29,037,847</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
	<b>Current Liabilities</b>		
	Contracts for purchase of investments	23,292,006	—
	Payable on Repurchase of units	165,652,760	261,462,882
	Management Fee payable	561,308	674,189
	Trusteeship Fee payable	153,868	74,461
	Others	14,921,982	11,734,583
		<b>204,581,924</b>	<b>273,946,115</b>
	<b>Provisions</b>	—	—
	<b>Total</b>	<b>204,581,924</b>	<b>273,946,115</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b> (Refer <b>Schedule - H</b> for Portfolio Holding Statement as on March 31, 2007)		
	Equity Shares	607,634,186	710,566,182
	Privately Placed Debentures/Bonds	50,000,000	100,000,000
	<b>Total</b>	<b>657,634,186</b>	<b>810,566,182</b>
<b>E</b>	<b>DEPOSITS WITH SCHEDULED BANKS</b>		
	- Term Deposit	446,720,000	646,667,170
	- Margin Deposit	228,400,000	73,900,000
	<b>Total</b>	<b>675,120,000</b>	<b>720,567,170</b>
<b>F</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with scheduled banks in current account	33,837,173	6,615,175
	Receivable on issue of fresh units	42,800,000	10,835,841
	Contracts for sale of investments	–	59,770,218
	Outstanding and accrued income	7,312,807	5,525,544
	<b>Total</b>	<b>83,949,980</b>	<b>82,746,778</b>
<b>G</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>		
	Management Fees	8,043,935	7,903,513
	Trusteeship Fees	321,749	234,948
	Selling, Distribution and Publicity Expenses	10,490,116	4,540,738
	Audit Fees	56,180	56,120
	Custodial Fees	3,968,251	2,856,763
	Registrar Expenses	1,220,880	235,542
	Investor Communication and Statutory Advertisement	24,300	–
	Other Operating Expenses	6,176	1,326
	<b>Total</b>	<b>24,131,587</b>	<b>15,828,950</b>

**BENCHMARK MUTUAL FUND***Benchmark Derivative Fund (BDF)*Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007**Schedule - H Portfolio Holding Statement as on March 31, 2007**

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>			
<b>LISTED</b>			
<b>AUTO</b>			
ESCORTS LTD	211,200	24,414,720	
ASHOK LEYLAND LTD	257,850	9,901,440	
		<b>34,316,160</b>	<b>5.22</b>
<b>AUTO ANCILLARIES</b>			
SRF LTD	106,500	12,913,125	
		<b>12,913,125</b>	<b>1.96</b>
<b>BANKS</b>			
BANK OF BARODA	319,200	68,643,960	
PUNJAB NATIONAL BANK	84,000	39,832,800	
INDUSTRIAL DEVELOPMENT BANK OF INDIA LTD	367,200	28,494,720	
INDUSIND BANK LTD	319,550	13,421,100	
ANDHRA BANK	128,800	9,795,240	
STATE BANK OF INDIA	9,500	9,447,275	
UNION BANK OF INDIA	79,800	8,299,200	
SYNDICATE BANK	83,600	5,342,040	
		<b>183,276,335</b>	<b>27.87</b>
<b>CEMENT</b>			
CENTURY TEXTILES INDUSTRIES LTD	31,450	17,157,548	
ACC LTD	15,375	11,304,469	
		<b>28,462,017</b>	<b>4.33</b>
<b>CONSTRUCTION</b>			
PUNJ LLOYD LTD	91,500	14,864,175	
IVRCL INFRASTRUCTURES & PROJECTS LTD	28,000	8,190,000	
		<b>23,054,175</b>	<b>3.51</b>
<b>FERROUS METALS</b>			
TATA STEEL LTD	39,825	17,907,311	
		<b>17,907,311</b>	<b>2.72</b>
<b>FERTILISERS</b>			
NAGARJUNA FERTILIZERS & CHEMICALS LTD	2,576,000	34,904,800	
CHAMBAL FERTILIZERS & CHEMICALS LTD	158,700	4,967,310	
GUJARAT NARMADA VALLEY FERTILISERS CO. LTD	17,700	1,645,215	
		<b>41,517,325</b>	<b>6.31</b>

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>FINANCE</b>			
IFCI LTD	315,000	10,584,000	
		<b>10,584,000</b>	<b>1.61</b>
<b>HOTELS</b>			
INDIAN HOTELS CO. LTD	47,250	6,896,138	
		<b>6,896,138</b>	<b>1.05</b>
<b>INDUSTRIAL CAPITAL GOODS</b>			
PRAJ INDUSTRIES LTD	11,000	4,170,650	
		<b>4,170,650</b>	<b>0.63</b>
<b>MEDIA &amp; ENTERTAINMENT</b>			
NEW DELHI TELEVISION LTD	268,400	83,458,980	
		<b>83,458,980</b>	<b>12.69</b>
<b>NON - FERROUS METALS</b>			
HINDALCO INDUSTRIES LTD	43,065	5,611,370	
		<b>5,611,370</b>	<b>0.85</b>
<b>PETROLEUM PRODUCTS</b>			
ESSAR OIL LTD	926,600	47,997,880	
MANGALORE REFINERY & PETROCHEMICALS LTD	551,800	18,678,430	
BONGAIGAON REFINERY & PETROCHEMICALS LTD	238,500	9,695,025	
		<b>76,371,335</b>	<b>11.61</b>
<b>PHARMACEUTICALS</b>			
DIVI'S LABORATORIES LTD	3,250	9,993,100	
		<b>9,993,100</b>	<b>1.52</b>
<b>POWER</b>			
JAIPRAKASH HYDROPOWER LTD	775,000	21,971,250	
RELIANCE ENERGY LTD	6,050	2,989,910	
		<b>24,961,160</b>	<b>3.80</b>
<b>SOFTWARE</b>			
POLARIS SOFTWARE LAB LTD	88,200	15,928,920	
		<b>15,928,920</b>	<b>2.42</b>
<b>TEXTILE PRODUCTS</b>			
ARVIND MILLS LTD	649,300	28,212,085	
		<b>28,212,085</b>	<b>4.29</b>
<b>NON CONVERTIBLE DEBENTURES</b>			
J.M.FINANCIAL PRODUCTS PVT. LTD. (RATING P1+)	5	50,000,000	
		<b>50,000,000</b>	<b>7.60</b>
<b>TOTAL</b>		<b>657,634,186</b>	<b>100.00</b>

**BENCHMARK MUTUAL FUND***Benchmark Derivative Fund (BDF)*Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007**Schedule - H Portfolio Holding Statement as on March 31, 2007****Details of Derivative Positions outstanding as on March 31, 2007**

<b>Name of the Instrument (Stock Futures Contract for April 2007 expiring on April 26, 2007)</b>	<b>Quantity</b>	<b>Market Value (Rs.)</b>	<b>% to Net Assets</b>
NEW DELHI TELEVISION LTD	(268,400)	84,291,020	6.95
BANK OF BARODA	(319,200)	69,170,640	5.71
ESSAR OIL LTD	(926,600)	48,461,180	4.00
PUNJAB NATIONAL BANK	(84,000)	39,921,000	3.29
NAGARJUNA FERTILIZERS & CHEMICALS LTD	(2,576,000)	35,162,400	2.90
INDUSTRIAL DEVELOPMENT BANK OF INDIA LTD	(367,200)	28,568,160	2.36
ARVIND MILLS LTD	(649,300)	28,536,735	2.35
ESCORTS LTD	(211,200)	24,647,040	2.03
JAIPRAKASH HYDROPOWER LTD	(775,000)	22,281,250	1.84
MANGALORE REFINERY & PETROCHEMICALS LTD	(551,800)	18,871,560	1.56
TATA STEEL LTD	(39,825)	17,925,233	1.48
CENTURY TEXTILES INDUSTRIES LTD	(31,450)	17,280,203	1.43
POLARIS SOFTWARE LAB LTD	(88,200)	15,889,230	1.31
PUNJ LLOYD LTD	(91,500)	14,964,825	1.23
INDUSIND BANK LTD	(319,550)	13,548,920	1.12
SRF LTD	(106,500)	13,030,275	1.07
ACC LTD	(15,375)	11,393,644	0.94
IFCI LTD	(315,000)	10,678,500	0.88
DIVI'S LABORATORIES LTD	(3,250)	10,052,575	0.83
ASHOK LEYLAND LTD	(257,850)	9,940,118	0.82
ANDHRA BANK	(128,800)	9,885,400	0.82
BONGAIGAON REFINERY & PETROCHEMICALS LTD	(238,500)	9,826,200	0.81
STATE BANK OF INDIA	(9,500)	9,496,675	0.78
UNION BANK OF INDIA	(79,800)	8,379,000	0.69
IVRCL INFRASTRUCTURES & PROJECTS LTD	(28,000)	8,192,800	0.68
INDIAN HOTELS CO. LTD	(47,250)	6,910,313	0.57
HINDALCO INDUSTRIES LTD	(43,065)	5,637,209	0.47
SYNDICATE BANK	(83,600)	5,392,200	0.44
CHAMBAL FERTILIZERS & CHEMICALS LTD	(158,700)	4,991,115	0.41
PRAJ INDUSTRIES LTD	(11,000)	4,204,200	0.35
RELIANCE ENERGY LTD	(6,050)	2,985,978	0.25
GUJARAT NARMADA VALLEY FERTILISERS CO. LTD	(17,700)	1,660,260	0.14
<b>TOTAL</b>		<b>612,175,855</b>	<b>50.50</b>



**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). In absence of a quoted price on the valuation date, the last available quoted price within a period of thirty days prior to the valuation date is used for valuation purpose.
- 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 up to 182 days of maturity are valued on the basis of amortization (cost plus accrued interest basis) as prescribed by SEBI.
  - Non-traded/Thinly traded Non-Government securities of over 182 days to maturity are valued on duration based yield to maturity as 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**

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.13.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. Purchase of investments yet to be settled: Rs. 232.92 Lacs (Previous Year: Nil )  
The above purchases were made on NSE and were accordingly settled on T+2 basis.
7. Sale of investments yet to be settled: Rs.Nil (Previous Year : Rs. 597.70 Lacs)  
The above sales were made on NSE and were accordingly settled on T+2 basis.

#### 8. Entry/Exit Load

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. As on March 31, 2007, unutilised Load in the scheme is Rs.119,858/-.

#### 9. Income and expenses

(Rupees In Lacs)

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Period Ended March 31, 2006	
	16,080.31		11,754.68	
	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)	1,472.23	9.16%	915.33	7.79%
Total Expenditure (annual recurring expenses)	241.32	1.50%	158.29	1.35%

#### 10. Aggregate Value of Purchase and Sale of Investments (including matured) during the year

(Rupees In Lacs)

	2006-07	2005-06
Daily Average Net Assets	16,080.31	11,754.68
Purchases	15,539.03	14,790.19
% to Daily Average Net Assets	96.63%	125.82%
Sales	11,331.11	11,235.21
% to Daily Average Net Assets	87.92%	95.58%

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

(Rupees)

	As on March 31, 2007	As on March 31, 2006
Face Value:		
Growth Option	1,000.0000	1,000.0000
Dividend Option	1,000.0000	1,000.0000
Net Asset Value:		
Growth Option	1165.7620	1,074.5522
Dividend Option	1050.8295	1,012.2123

**12. Dividend**

The Dividend plan of the Scheme declared and paid dividend as follows:

Record Date	Gross Dividend Per Unit (Rs.)	Dividend Payout(Rs.)	
		Individual/NRI/HUF	Others
June 28, 2006	25	21.93	20.42
September 27, 2006	20	17.54	16.33

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

(Rupees In Lacs)

	2006-07	2005-06
Cost (equity)	6,409.11	6,634.59
Market Value (equity)	6,076.34	7,105.66

Unrealized Appreciation/(Depreciation) in the value of investments is Rs. (332.77) Lacs (Previous Year Rs.471.07 Lacs). Contingent Liability with respect to Open Positions in Future Segment of Derivative was Rs 6,121.76 Lacs as on March 31, 2007 (previous year Rs.7,214.84 Lacs).

**14. Margin Deposits**

Margin Deposits of Rs. 2,284/- lacs consists of Rs.254/- lacs as cash deposit and Rs. 2,030/- lacs in form of Fixed Deposit.

**15. Movement in Unit Capital**

	2006-07				2005-06			
	Growth Option		Dividend Option		Growth Option		Dividend Option	
	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)	Units	Rs. (In Lacs)
Initial Capital (on the date of Allotment)	775,667.53	7,756.68	627,222.12	6,272.22	775,667.53	7,756.68	627,222.12	6,272.22
Units at the beginning of the year	837,797.99	8,377.98	434,371.74	4,343.72	758,237.78	7,582.38	-	-
Units Issued	275,186.20	2,751.86	1,479,481.68	14,794.81	849,992.13	8,499.92	627,222.12	6,272.22
Units Redeemed	692,264.92	6,922.65	1,227,097.22	12,270.97	770,431.92	7,704.32	192,850.38	1,928.50
<b>Units at the end of the year</b>	<b>420,719.27</b>	<b>4,207.19</b>	<b>686,756.20</b>	<b>6,867.56</b>	<b>837,797.99</b>	<b>8,377.98</b>	<b>434,371.74</b>	<b>4,343.72</b>

**16. Details of Large Holding (more than 25% of the Net Asset Value of the Scheme)**

As on March 31, 2007, there is no investor in the Scheme who holds more than 25% of the net assets of the Scheme.

**17. 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.

**18. 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:

(Rs. in Lacs)

	2006-07	2005-06
Daily Average Net Assets	16,080.31	11,754.68
Management Fees (in percentage)	0.50%	0.67%
Management Fees	80.44	79.04

**19. Trustee Fees**

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

**20. Custodial Fees and Expenses**

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

**21. 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.

22. During the year ended March 31, 2007, Benchmark Trustee Company Pvt. Ltd. and Benchmark Asset Management Company Pvt. Ltd. did not make any investment in the Scheme.

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

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

25. 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.

**26. Disclosure under Regulation 25(11)**

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

#### 27. Unclaimed Dividend/Redemption Amount

As on March 31, 2007 unclaimed dividend amount was Rs.22,852.53 for 2 investors and unclaimed redemption amount in the Scheme was Rs.777,183.46 for 2 investors.

#### 28. 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.

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

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

31. The audited results for the year ended March 31, 2007 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 27, 2007 and June 29, 2007 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, 2007 and  
Revenue Account for the year ended March 31, 2007****Schedule I - NOTES TO ACCOUNTS****(In Rupees)**

Sr. No.	PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	December 18, 2004 to March 31, 2005
a)	Net Asset Value, per unit at the end of the year			
i)	Growth Plan	1,165.7620	1,074.5522	1,007.0743
ii)	Dividend Plan	1,050.8295	1,012.2123	-
b)	Gross Income per-unit broken into following components:			
i)	Income other than profit on sale of investments, per unit	74.63	39.80	6.53
ii)	Income from Profit on inter scheme sales/transfer of investments, per unit	-	-	-
iii)	Income from profit on sale of investment to third parties, per unit	120.87	204.27	7.56
iv)	Transfer to Revenue account from past year's reserve, per unit	-	-	-
c)	Aggregate of expenses, write off, amortisation & charges	21.79	214.29	4.09
d)	Net income/(loss) (b-c)	173.71	29.78	10.00
e)	Net Change in Unrealised Appreciation/ (Depreciation) in value of investments	(62.57)	29.73	1.20
f)	Repurchase Price during the year			
i)	Highest			
	Growth Plan	1,165.1017	1,074.5522	1,007.0700
	Dividend Plan	1,050.2343	1,021.2540	N.A
ii)	Lowest			
	Growth Plan	1,077.0841	1,014.5471	991.0400
	Dividend Plan	1,006.5283	1,005.6753	N.A
g)	Resale Price during the year			
i)	Highest			
	Growth Plan	1,165.1017	1,074.5522	1,017.1500
	Dividend Plan	1,050.2343	1,021.2540	N.A

(In Rupees)

Sr. No. PERSPECTIVE HISTORICAL PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	April 1, 2005 to March 31, 2006	December 18, 2004 to March 31, 2005
ii) Lowest			
Growth Plan	1,077.0841	1,024.8000	1,000.9500
Dividend Plan	1,006.5283	1,000.0000	N.A
h) Market Price (National Stock Exchange)			
i) Highest			
Growth Plan	N.A	N.A	N.A
Dividend Plan	N.A	N.A	N.A
ii) Lowest			
Growth Plan	N.A	N.A	N.A
Dividend Plan	N.A	N.A	N.A
i) Price Earning Ratio	N.A	N.A	N.A
j) Ratio of expenses to the average net assets @	1.50%	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 @	9.16%	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. Raiji & Co.**  
 Chartered Accountants

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

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

**Dr. S. A. Dave**                      **Dr. A. C. Shah**  
 Chairman                                  Director

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

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

Place : Mumbai  
 Date : June 29, 2007

**Vishal Jain**  
 Fund Manager



## 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 March 31, 2007 and the annexed Revenue Account for the year 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 (if any) adopted by the scheme, which have been approved by the Trustee, are fair and reasonable, 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 March 31, 2007; and
  - b. In the case of the Revenue Account of the surplus of the scheme for the year ended on that date.

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

**ASHISH DALAL  
Partner  
Membership No: 33596**

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND**  
*Benchmark Split Capital Fund- Balanced*  
**Balance Sheet as at March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007	March 31, 2006
<b>LIABILITIES</b>				
1.	Unit Capital	<b>A</b>	41,623,400	41,623,400
2.	Reserves & Surplus	<b>B</b>	3,062,173	1,034,309
3.	Unrealised Appreciation in the value of investments		7,897,790	5,891,723
<b>Unit holders Funds</b>			<b>52,583,363</b>	<b>48,549,432</b>
<b>Total</b>			<b>52,583,363</b>	<b>48,549,432</b>
<b>ASSETS</b>				
1.	Investments	<b>C</b>	21,368,746	19,029,430
2.	Deposits (with Banks)	<b>D</b>	29,925,821	28,167,572
3.	Other Current Assets	<b>E</b>	738,659	402,293
4.	Deferred Revenue Expenditure	<b>F</b>	550,137	950,137
<b>Total</b>			<b>52,583,363</b>	<b>48,549,432</b>

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND**  
*Benchmark Split Capital Fund- Balanced*  
**Revenue Account for the year ended March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	Year ended March 31, 2007	August 16, 2005 to March 31, 2006
1.	<b>INCOME AND GAINS</b>			
1.1	Dividend		335,239	138,071
1.2	Interest		1,758,249	1,117,572
1.3	Other Income		532	-
1.4	Profit on sale/redemption of investments (other than inter-scheme transfer/sale)		370,272	32,834
1.5	Net change in unrealised appreciation/ (diminution) in value of Investments		2,006,067	5,891,723
	<b>Total</b>		<b>4,470,359</b>	<b>7,180,200</b>
2.	<b>EXPENSES AND LOSSES</b>			
2.1	Initial Issue Expenses written off		400,000	249,863
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		36,428	4,305
	<b>Total</b>		<b>436,428</b>	<b>254,168</b>
	<b>Surplus for the year</b>		<b>4,033,931</b>	<b>6,926,032</b>
	Add: Opening Balance of unrealised appreciation in value of investments transferred		5,891,723	-
	Less: Closing Balance of unrealised appreciation in value of investments carried to Balance Sheet		7,897,790	5,891,723
			<b>2,027,864</b>	<b>1,034,309</b>
	Balance brought forward from previous year		1,034,309	-
	<b>Balance carried to the Balance Sheet</b>		<b>3,062,173</b>	<b>1,034,309</b>

**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 29, 2007

**Vishal Jain**

Fund Manager

**BENCHMARK MUTUAL FUND***Benchmark Split Capital Fund- Balanced***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007****(In Rupees)**

<b>Schedule No.</b>	<b>Particulars</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
<b>A</b>	<b>UNIT CAPITAL</b>		
	416,234 Units of Face Value of Rs. 100/- each (Class A - 328,132 units; Class B - 88,102 units)	41,623,400	41,623,400
	<b>Total</b>	<b>41,623,400</b>	<b>41,623,400</b>
<b>B</b>	<b>RESERVES &amp; SURPLUS</b>		
	Surplus as per Revenue Account	3,062,173	1,034,309
	<b>Total</b>	<b>3,062,173</b>	<b>1,034,309</b>
<b>C</b>	<b>INVESTMENTS (Marked to Market)</b>		
	(Refer <b>Schedule G</b> for Portfolio Holding Statement as at March 31, 2007)		
	Equity Shares	21,368,746	19,029,430
	<b>Total</b>	<b>21,368,746</b>	<b>19,029,430</b>
<b>D</b>	<b>DEPOSITS WITH A SCHEDULED BANK</b>		
	Term Deposit with ICICI Bank (Maturity Date August 16, 2008)	27,050,000	27,050,000
	Interest Accrued on Term Deposit	2,875,821	1,117,572
	<b>Total</b>	<b>29,925,821</b>	<b>28,167,572</b>
<b>E</b>	<b>OTHER CURRENT ASSETS</b>		
	Balances with a Scheduled Bank in		
	Current Account	723,119	397,837
	Dividend Receivable	15,540	4,456
	<b>Total</b>	<b>738,659</b>	<b>402,293</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007	March 31, 2006
<b>F</b>	<b>DEFERRED REVENUE EXPENDITURE</b>		
	<u>Initial Issue Expenses:</u>		
	Opening Balance	950,137	–
	Add: Incurred during the year (As per the allocation made by the Asset Management Company)	–	2,136,527
		<b>950,137</b>	<b>2,136,527</b>
	Less: New Fund Offer load recovered from Investors	–	936,527
		<b>950,137</b>	<b>1,200,000</b>
	Less: Written off during the year	400,000	249,863
	<b>Total</b>	<b>550,137</b>	<b>950,137</b>

**BENCHMARK MUTUAL FUND***Benchmark Split Capital Fund- Balanced*Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the year ended March 31, 2007**Schedule - G : Portfolio Holding Statement as at March 31, 2007**

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>EQUITY AND EQUITY RELATED INSTRUMENTS</b>			
<b>LISTED</b>			
<b>AUTO</b>			
TATA MOTORS LTD	433	315,324	
MARUTI UDYOG LTD	325	266,565	
HERO HONDA MOTORS LTD	224	154,280	
BAJAJ AUTO LTD	114	276,746	
MAHINDRA & MAHINDRA LTD	274	213,830	
		<b>1,226,745</b>	<b>5.75</b>
<b>BANKS</b>			
HDFC BANK LTD	353	336,815	
ICICI BANK LTD	1003	855,910	
ORIENTAL BANK OF COMMERCE	281	52,730	
PUNJAB NATIONAL BANK	354	167,866	
STATE BANK OF INDIA	591	587,720	
		<b>2,001,041</b>	<b>9.36</b>
<b>CEMENT</b>			
GRASIM INDUSTRIES LTD	103	215,568	
GUJARAT AMBUJA CEMENTS LTD	1524	162,611	
ACC LTD	210	154,403	
		<b>532,582</b>	<b>2.49</b>
<b>CHEMICALS</b>			
INDIAN PETROCHEMICALS CORPORATION LTD	337	91,260	
		<b>91,260</b>	<b>0.43</b>
<b>CONSUMER NON-DURABLES</b>			
ITC LTD	4220	637,853	
HINDUSTAN LEVER LTD	2478	508,486	
DABUR INDIA LTD	966	91,770	
		<b>1,238,109</b>	<b>5.79</b>
<b>FERROUS METALS</b>			
STEEL AUTHORITY OF INDIA LTD	4640	530,352	
TATA STEEL LTD	652	293,172	
		<b>823,524</b>	<b>3.85</b>

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>FINANCE</b>			
HOUSING DEVELOPMENT FINANCE CORP LTD	280	425,544	
		<b>425,544</b>	<b>1.99</b>
<b>GAS</b>			
GAIL (INDIA) LTD	950	251,323	
		<b>251,323</b>	<b>1.18</b>
<b>INDUSTRIAL CAPITAL GOODS</b>			
BHARAT HEAVY ELECTRICALS LTD	275	621,871	
LARSEN & TOUBRO LTD	314	508,711	
ABB LTD	48	170,386	
SUZLON ENERGY LTD	323	323,485	
SIEMENS LTD	189	206,142	
		<b>1,830,595</b>	<b>8.57</b>
<b>MEDIA &amp; ENTERTAINMENT</b>			
ZEE TELEFILMS LTD	482	120,837	
		<b>120,837</b>	<b>0.57</b>
<b>NON-FERROUS METALS</b>			
HINDALCO INDUSTRIES LTD	1303	169,781	
NATIONAL ALUMINIUM COMPANY LTD	724	169,163	
		<b>338,944</b>	<b>1.58</b>
<b>OIL</b>			
OIL & NATURAL GAS CORPORATION LTD	2403	2,116,562	
		<b>2,116,562</b>	<b>9.90</b>
<b>PETROLEUM PRODUCTS</b>			
RELIANCE INDUSTRIES LTD	1565	2,144,520	
BHARAT PETROLEUM CORPORATION LTD	405	122,613	
HINDUSTAN PETROLEUM CORPORATION LTD	381	94,412	
		<b>2,361,545</b>	<b>11.05</b>
<b>PHARMACEUTICALS</b>			
RANBAXY LABORATORIES LTD	419	147,446	
SUN PHARMACEUTICAL INDUSTRIES LTD	209	220,798	
CIPLA LTD	873	206,726	
GLAXO SMITHKLINE PHARMACEUTICALS LTD	95	106,391	
DR. REDDY'S LABORATORIES LTD	187	136,183	
		<b>817,544</b>	<b>3.83</b>

Scrip Name	Quantity	Market Value (Amount in Rs.)	% to Total
<b>POWER</b>			
RELIANCE ENERGY LTD	239	118,114	
TATA POWER COMPANY LTD	222	113,064	
		<b>231,178</b>	<b>1.08</b>
<b>SOFTWARE</b>			
TATA CONSULTANCY SERVICES LTD	1099	1,356,001	
INFOSYS TECHNOLOGIES LTD	624	1,259,638	
WIPRO LTD	1611	901,193	
SATYAM COMPUTER SERVICES LTD.	734	345,237	
HCL TECHNOLOGIES LTD	728	212,139	
		<b>4,074,208</b>	<b>19.07</b>
<b>TELECOM - SERVICES</b>			
BHARTI TELE-VENTURES LTD	2129	1,626,343	
VIDESH SANCHAR NIGAM LTD	320	128,736	
MAHANAGAR TELEPHONE NIGAM LTD	708	103,899	
RELIANCE COMMUNICATIONS LTD	2297	966,807	
		<b>2,825,785</b>	<b>13.22</b>
<b>TRANSPORTATION</b>			
JET AIRWAYS (INDIA) LTD.	97	61,420	
		<b>61,420</b>	<b>0.29</b>
<b>TOTAL</b>		<b>21,368,746</b>	<b>100.00</b>



## **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 return of the 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 unit holders 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 is 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 appreciation and changes thereon are recognized as gain/loss in the Revenue Account and thereafter carried to the Balance Sheet as Unrealized Appreciation Reserve.

2.4 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 amortized 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 (Previous Year - NIL)
7. Sale of investments yet to be settled: NIL (Previous Year - NIL)

**8. Income and Expenses**

Daily Average Net Assets (Rs.)	Year Ended March 31, 2007		Period Ended March 31, 2006	
	50,349,755		44,203,254	
	Aggregate Value (Rs.)	Percentage of Average Net Assets	Aggregate Value (Rs.)	Percentage of Average Net Assets
Total income (including net profit on sale / redemption of investments, unrealised appreciation in value of investments) for the year	4,433,931	8.81%	7,175,895	16.23%
Total expenditure (Annual recurring expenses) for the year	400,000	0.79%	249,863	0.57%

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

	2006-2007 (in Rs.)	2005-2006 (in Rs.)
Daily Average Net Assets	50,349,755	44,203,254
Purchases	1,409,428	13,341,428
% to Daily Average Net Assets	2.80%	30.18%
Sales	1,410,023	232,250
% to Daily Average Net Assets	2.80%	0.53%

**10. Net Asset Value (Per Unit - in Rs.)**

	As at March 31, 2007	As at March 31, 2006
Face Value	100	100
NAV : Class A Units	124.5042	117.1349
Class B Units	133.1361	113.6896

**11. Cost and Market Value of Investments**

	Amount (in Rs.)	
	As at March 31, 2007	As at March 31, 2006
Cost	13,470,956	13,137,707
Market Value	21,368,746	19,029,430
Unrealised Appreciation in the Value of investments	7,897,790	5,891,723

**12. Movement in Unit Capital**

	2006 - 07		2005-06	
	Units	Rs.	Units	Rs.
Units at the beginning of the year				
Class A	328,132	32,813,200		
Class B	88,102	8,810,200		
<b>Total</b>	<b>416,234</b>	<b>41,623,400</b>	–	–
Units Issued (NFO)				
Class A	–	–	328,132	32,813,200
Class B	–	–	88,102	8,810,200
Units Redeemed				
Class A	–	–	–	–
Class B	–	–	–	–
Units at the end of the year				
Class A	328,132	32,813,200	328,132	32,813,200
Class B	88,102	8,810,200	88,102	8,810,200
<b>Total</b>	<b>416,234</b>	<b>41,623,400</b>	<b>416,234</b>	<b>41,623,400</b>

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

As on March 31, 2007 there is no investor in the Scheme holding more than 25% of the net assets 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 fee has been charged to the Scheme for the year ended March 31, 2007 and the period ended March 31, 2006.

**16. Trustee Fees**

In accordance with the terms of Offer Document, the Trustee fees 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 year ended March 31, 2007 and 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 by depositories (i.e NSDL / CDSL). However, no fee is allocated to the Scheme by the AMC for the year ended March 31, 2007 and for the period ended March 31, 2006.

**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 for the year ended March 31, 2007 and for the period ended March 31, 2006.

19. There are no investments made by Benchmark Trustee Company Pvt. Ltd. in the Scheme. Benchmark Asset Management Company Pvt. Ltd. has invested in the Scheme during the year ended March 31, 2007 and holds 61,458 Class A units in the Scheme as at March 31, 2007 (50,000 Class A units as at March 31, 2006).

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

Name of the Associate	Aggregate investments during the year (at Cost - in Rs.)	Outstanding investment at Market Value (in Rs.) as on March 31, 2007
Bajaj Auto Ltd.	5,495	276,746

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)

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

Company which has invested	Scheme in which company has invested more than 5% of net assets	Scheme which has invested in the company	Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)	Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

### 24. Unclaimed Dividend/Redemption Amount

As on March 31, 2007 there is 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. The audited results for the year ended March 31, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments 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, 2007 and  
Revenue Account for the year ended March 31, 2007****Schedule H - NOTES TO ACCOUNTS**

		(In Rupees)	
Sr. PERSPECTIVE HISTORICAL No. PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	August, 16 2005 to March 31, 2006	
a) Net Asset Value, per unit at the end of the year			
Class A Units	124.5042	117.1349	
Class B Units	133.1361	113.6896	
b) i) Income other than profit on sale of investments, per unit	9.85	17.17	
ii) Income (net) from profit / (loss) on inter scheme sales/ transfer of investments, per unit	-	-	
iii) Income (net) from profit / (loss) on sale of investment to third parties, per unit	0.80	0.07	
iv) Transfer to Revenue account from past year's reserve, per unit	N.A.	N A	
c) Aggregate of expenses, write off, amortisation and charges, per unit	0.96	0.60	
d) Net Income / (loss) per unit (b - c)	9.69	16.64	
e) Net Change in Unrealised Appreciation / (Depreciation) in the value of investments, per unit	4.82	14.15	
f) Net Assets Value (Daily)			
i) Highest			
Class A Units	131.3014	117.4319	
Class B Units	133.1361	113.6896	
ii) Lowest			
Class A Units	104.4392	100.0000	
Class B Units	113.8217	97.3670	
g) Market Price (The National Stock Exchange of India)			
i) Highest			
Class A Units	129.5500	120.0000	
Class B Units (Not Traded during 2006-07)	-	105.0000	
ii) Lowest			
Class A Units	82.2500	71.0000	
Class B Units (Not Traded during 2006-07)	-	101.0000	



Sr. PERSPECTIVE HISTORICAL No. PER UNIT STATISTICS *	April 1, 2006 to March 31, 2007	August, 16 2005 to March 31, 2006
h) Price Earning Ratio**	13.04	7.01
i) Ratio of expenses to the average net assets	0.79%	0.57%
j) 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	8.81%	16.23%

\* 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 NAV as at March 31, 2007 and net income 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 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 29, 2007

**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, 2007 and the Revenue Account for the period ended on that date annexed thereto, of Gold Benchmark Exchange Traded Scheme (Gold 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 trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
4. In our opinion, valuation methods for Non Traded Securities, if any, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustee.
5. In our opinion and to the best of our information and according to the explanations given to us, the statement of accounts read with the accounting policies and notes 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 Gold BeES, the Scheme of Benchmark Mutual Fund, of the state of affairs of the Scheme as at March 31, 2007; and
  - b. In the case of Revenue Account of Gold BeES, the Scheme of Benchmark Mutual Fund, of the surplus of the Scheme for the period ended March 31, 2007.

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

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

Place : Mumbai  
Date : June 29, 2007

**BENCHMARK MUTUAL FUND**  
(Gold Benchmark Exchange Traded Scheme - Gold BeES)  
**Balance Sheet As At March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007
<b>LIABILITIES</b>			
1	Unit Capital	A	101,502,561
2	Reserves and Surplus	B	858,625,166
3	Provision for Unrealised Appreciation in the value of Investments		2,441,808
	<b>Unit Holders Funds</b>		962,569,535
4	Current Liabilities & Provisions	C	654,448
	<b>Total</b>		<b>963,223,983</b>
<b>ASSETS</b>			
1	Investments	D	952,246,742
2	Other Current Assets	E	10,977,241
	<b>Total</b>		<b>963,223,983</b>

**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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND**  
(Gold Benchmark Exchange Traded Scheme - Gold BeES)  
**Revenue Account For The Period Ended March 31, 2007**

(In Rupees)

Sr. No.	Particulars	Schedule	March 31, 2007
<b>1.</b>	<b>INCOME AND GAINS</b>		
1.1	Interest		899,452
1.2	Profit on sale / redemption of investments (other than inter-scheme transfer/sale)		40,699
1.3	Net Change in unrealised appreciation/ (depreciation) on investments		2,441,808
	<b>Total</b>		<b>3,381,959</b>
<b>2.</b>	<b>EXPENSES AND LOSSES</b>		
2.1	Management & Other Operating Expenses	F	635,367
2.2	Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		64,781
	<b>Total</b>		<b>700,148</b>
	Surplus / (Deficit) for the year		2,681,811
	Add: Write back of provision for unrealised appreciation on investments		-
	Less: Provision for unrealised appreciation on investments carried to Balance Sheet		2,441,808
	Add: Income Equalisation Reserve		(4,786)
			<b>235,217</b>
	Balance brought forward from Previous year		-
	Surplus available for distribution		235,217
	<b>Appropriation</b>		
	Income Distribution		-
	<b>Balance Carried to the Balance Sheet</b>		<b>235,217</b>
	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

**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 29, 2007

**Vishal Jain**  
Fund Manager

**BENCHMARK MUTUAL FUND***(Gold Benchmark Exchange Traded Scheme - Gold BeES)***Schedules Forming Part Of The Balance Sheet as at March 31, 2007  
And Revenue Account For The Period Ended March 31, 2007****(In Rupees)**

Schedule No.	Particulars	March 31, 2007
<b>A</b>	<b>UNIT CAPITAL</b>	101,502,561
	<b>Total</b>	<b>101,502,561</b>
	No .of units of Face value of Rs.100/- each	1,015,025.607
<b>B</b>	<b>RESERVES AND SURPLUS</b>	
	Unit Premium Reserve	
	Opening Balance	—
	Add/(Less): on account of subscription/redemption of units	858,389,949
		<b>858,389,949</b>
	Surplus / (deficit)	
	Balance transferred from Revenue Account	235,217
	<b>Total</b>	<b>949,977,471</b>
<b>C</b>	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
	<b>Current Liabilities</b>	
	Management Fees Payable	190,609
	Trusteeship Fees Payable	6,354
	Others	457,485
		<b>654,448</b>
	<b>Provisions</b>	—
	<b>Total</b>	<b>654,448</b>
<b>D</b>	<b>INVESTMENTS (Marked to Market)</b>	
	(Refer <b>Schedule G</b> for Portfolio Holding Statement)	
	Gold	952,246,742
		<b>952,246,742</b>

(In Rupees)

Schedule No.	Particulars	March 31, 2007
<b>E</b>	<b>OTHER CURRENT ASSETS</b>	
	Balances with Scheduled Banks in Current Account	10,977,241
		<b>10,977,241</b>
<b>F</b>	<b>MANAGEMENT &amp; OTHER OPERATING EXPENSES</b>	
	Management Fees	190,609
	Trusteeship Fees	6,354
	Selling, Marketing and Distribution Expenses	227,124
	Audit Fees	56,180
	Custodial Fees	144,414
	Registrar Expenses	10,686
		<b>635,367</b>

**BENCHMARK MUTUAL FUND***(Gold Benchmark Exchange Traded Scheme - Gold BeES)***Schedules forming part of Balance Sheet as at March 31, 2007 and  
Revenue Account for the period ended March 31, 2007****Schedule - G Portfolio Holding Statement as on March 31, 2007**

<b>Name of the Security</b>	<b>Quantity (Kgs.)</b>	<b>Market Value (Amount in Rs.)</b>	<b>% to Total</b>
GOLD (995 1 KG GOLD BAR)	1,004	952,246,742	100.00
<b>TOTAL</b>		<b>952,246,742</b>	<b>100.00</b>

## **BENCHMARK MUTUAL FUND**

*Gold Benchmark Exchange Traded Scheme - Gold 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.

Gold BeES is an open ended gold exchange traded fund tracking domestic prices of gold through investments in physical gold, listed on the capital market segment of National Stock Exchange of India Ltd.

The investment objective of the Scheme is to provide returns that, before expenses, closely correspond to the returns provided by domestic price of gold through physical gold.

Subscription and Redemption of units of Gold BeES are generally through the exchange of physical gold of predefined quantity and purity. 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 physical gold and/or 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. In case of physical gold, the same would include various levies like customs duty, stamp duty, Octroi, if applicable, and VAT (Value Added Tax). In case of securities, acquisition cost would include stamp duty, brokerage and any other charges customarily included in broker's note.

##### **c. 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. The valuation of Gold portfolio is carried out as prescribed by SEBI, which is based on price of Gold quoted by London Bullion Market Association (LBMA). For the purpose of converting LBMA rate denoted in USD to INR, the exchange rate published by the Reserve Bank of India is considered. In addition, the value of gold includes customs duty, stamp duty, octroi and VAT (Value Added Tax) as applicable. Unrealized 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 recognized 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 up to 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 / installment has fallen due.
- d. 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. Interest on fixed income investments are recognized 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 recognized on cash basis.
- d. Unrealized appreciation and changes thereon are recognized as gain/loss in the Revenue Account and thereafter 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 Equalization**

An appropriate portion of price of unit at the time of purchase and sale is transferred to Income Equalization Account. In arriving at the portion of the price to be transferred to Income Equalization Account, surplus/deficit (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalization Account is transferred to 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 Equalization.

## 2.7 Entry / Exit Load

The Fund charged an entry load at the time of the New Fund Offer. There is no exit load on redemption of the units. The load charged may be utilized for meeting distribution, marketing, investor servicing related expenses and any other expenses as permitted by SEBI. 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 units on subscription and redemption and the same is utilized for payment of transaction charges to Depository Participant and Custodian on account of transfer of units 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 or any other uncalled liabilities.
4. All investments are marked to market and accordingly reflected in the Balance Sheet. The cost and market value of investments are shown in Note no. 12.
5. The AMC has not dealt in any securities through brokers associated with the Sponsor.
6. The Fund charged an entry load at the time of the New Fund Offer as follows:

Investments	Entry Load
Rs.10,000 to Rs.49,99,000	1.50%
Rs.50,00,000 to Rs.1,99,99,000	1.00%
Rs. 2,00,00,000 to Rs.4,99,99,000	0.50%
Rs.5,00,00,000 and above	Nil

Load collected during New Fund Offer (NFO) and utilized was as follows:

Particulars	Amount (Rs.)
Entry Load collected during NFO	12,322,818
Less: Utilised towards Selling, Marketing and Distribution expenses	12,322,818
<b>Balance Load unutilised</b>	<b>Nil</b>

7. Purchase of investments yet to be settled: Rs. Nil.
8. Sale of investments yet to be settled: Rs. Nil.

**9. Income and Expenses**

Daily Average Net Assets (Rs.)	Period ended March 31, 2007 966,281,530	
	Aggregate Value (Rs.)	% of Average Net Assets (annualised)
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)	3,317,178	5.22%
Total expenditure (Annual recurring expenses)	635,367	1.00%

**10. Aggregate Value of Purchase and Sale of Investments during the period**

	2006 - 07 (Rs. In Lacs)
Daily Average Net Assets	9,663
Purchases	9,839
% to Daily Average Net Assets	101.82%
Sales	340
% to Daily Average Net Assets	3.52%

**11. Net Asset Value (Per Unit - in Rs.)**

	As at March 31, 2007
Face Value	100
Net Asset Value	948.3204

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

	Amount (Rs. In Lacs) 2006 - 07
Cost	9,498.05
Market Value	9,522.47
Unrealised Appreciation in the Value of investments	24.42

**13. Movement in Unit Capital**

Particulars	2006 - 07	
	Units	Rs. (in Lacs)
Initial Capital (on the date of allotment)	–	–
Units Issued (during NFO)	1,026,025.607	1,026.03
Units Issued (ongoing subscription)	25,000.000	25.00
Units Redeemed	36,000.000	36.00
<b>Units at the end of the year</b>	<b>1,015,025.607</b>	<b>1,015.03</b>

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

As on March 31, 2007, there is no investor in the Scheme who holds more than 25% of the net assets of the Scheme.

**15. Income Tax**

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

**16. Investment Management Fees**

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

	Amount (in Rs.) 2006 - 07
Daily Average Net Assets	966,281,529.69
Management Fees (in % - annualised)	0.30%
Management Fees	190,609.41

**17. Trustee Fees**

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

**18. Custodial Fees and Expenses**

The Bank of Nova Scotia and Citibank N.A. provide custodial services to the Scheme for which they receive custody fees including safekeeping. In addition, they are also reimbursed for transaction charges.

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

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

20. There are no investments made by Benchmark Trustee Company Pvt. Ltd. and Benchmark Asset Management Company Pvt. Ltd. in the Scheme during the period ended March 31, 2007.
21. The Scheme has not made any investments in Group/Associate Companies.
22. The Scheme has not made any investment in the issues lead managed by Associate Companies.
23. 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.

**24. Disclosure under Regulation 25 (11)**

Benchmark Mutual Fund had invested in the following company which has invested more than 5% of the net assets of any scheme of Benchmark Mutual Fund.

<b>Company which has invested</b>	<b>Scheme in which company has invested more than 5% of net assets</b>	<b>Scheme which has invested in the company</b>	<b>Aggregate investment during the year under regulation 25(11) at cost (Rs. In lacs)</b>	<b>Outstanding as on March 31, 2007 at Market value (Rs. In Lacs)</b>
ICICI BANK LTD	Nifty BeES	Nifty BeES	8,388.30	636.04
ICICI BANK LTD	Nifty BeES	Bank BeES	248,162.04	106,760.66
ICICI BANK LTD	Nifty BeES	Split Capital Fund - Balanced	0.08	8.55
ICICI BANK LTD	Nifty BeES	Benchmark Derivative Fund	88.42	NIL

The investment in ICICI Bank Ltd. was made as it is a constituent of S&P CNX Nifty Index and CNX Bank Index. In case of Nifty BeES, Bank BeES and Split Capital Fund - Balanced, the scheme had invested in ICICI Bank Ltd. in the same weightage as the company carries in the respective indices. In case of Benchmark Derivative Fund, the investment in ICICI Bank Ltd. was made on account of arbitrage opportunities available in the derivatives market during the year.

**25. Unclaimed Dividend/Redemption Amount**

As on March 31, 2007 there was no unclaimed dividend or unclaimed redemption to be claimed by investors.

## 26. 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.

27. A complete list of investments of the Scheme is given in **Schedule G**.
28. As this is the first financial statement of the Scheme, the previous year figures have not been provided. The Revenue account is drawn for the period from March 8, 2007 to March 31, 2007.
29. The audited results for the period ended March 31, 2007 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 27, 2007 and June 29, 2007 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, the present and prospective unit holders/investors can inspect a full list of investments of the Scheme at the office of the AMC.

**BENCHMARK MUTUAL FUND***(Gold Benchmark Exchange Traded Scheme - Gold BeES)***Schedules Forming Part Of The Balance Sheet as at March 31, 2007  
And Revenue Account For The Period Ended March 31, 2007****Schedule H - NOTES TO ACCOUNTS****(In Rupees)**

<b>Sr. PERSPECTIVE HISTORICAL No. PER UNIT STATISTICS *</b>	<b>March 08, 2007 to March 31, 2007</b>
a) Net Asset Value, per unit at the end of the period	948.3204
b) i) Income other than profit on sale of investments, per unit	0.89
ii) Income (net) from profit / (loss) on inter scheme sales/transfer of investments, per unit	-
iii) Income (net) from profit / (loss) on sale of investment to third parties, per unit	(0.02)
iv) Transfer to Revenue account from past year's reserve, per unit	-
c) Aggregate of expenses, write off, amortisation & charges, per unit	0.63
d) Net Income / (loss) per unit (b - c)	0.24
e) Net Change in unrealised appreciation / (depreciation) in the value of investments	2.41
f) Repurchase Price during the period	
i) Highest	952.6907
ii) Lowest	931.8029
g) Resale Price during the period	
i) Highest	952.6907
ii) Lowest	931.8029
h) Market Price (National Stock Exchange)	
i) Highest	1105.00
ii) Lowest	940.00
i) Price Earning Ratio **	358.44
j) Ratio of expenses to the average net assets @	1.00%
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 @	5.22%

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

\*\* 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

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. Raiji & 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 29, 2007

**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 bullion market, 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. (i) Nifty Benchmark Exchange Traded Scheme (Nifty BeES), (ii) Nifty Junior Benchmark Exchange Traded Scheme (Junior BeES), (iii) Liquid Benchmark Exchange Traded Scheme (Liquid BeES), (iv) Banking Index Benchmark Exchange Traded Scheme (Bank BeES), (v) Benchmark Derivative Fund (BDF), (vi) Benchmark Split Capital Fund - Balanced (SCF - Balanced) and (vii) Gold Benchmark Exchange Traded Scheme (Gold BeES) 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/ bullion market, 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

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