SCHEME INFORMATION DOCUMENT

CONTINUOUS OFFER

Offer for units on an ongoing basis at NAV based prices

Open – end Equity Funds

Franklin India Bluechip Fund
Templeton India Equity Income Fund
Franklin India Prima Plus
Franklin India High Growth Companies Fund
Franklin India Index Fund
Franklin India Taxshield
Franklin India Smaller Companies Fund
Templeton India Growth Fund
Franklin India Prima Fund
Franklin India Flexi Cap Fund
Franklin India Opportunities Fund
Franklin Infotech Fund
Franklin Asian Equity Fund
Franklin Build India Fund

Open – end Balanced Fund

FT India Balanced Fund

Mutual Fund	:	Franklin Templeton Mutual Fund
Asset Management Company	:	Franklin Templeton Asset Management (India) Pvt. Ltd.
Trustee Company	:	Franklin Templeton Trustee Services Pvt. Ltd.
Sponsor	:	Templeton International, Inc. (USA)
Address	:	Level 4, East Wing, Wockhardt Towers Bandra – Kurla Complex, Bandra (East), Mumbai 400051
Website	:	www.franklintempletonindia.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with the Securities and Exchange Board of India (SEBI), along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document (SID) sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Please retain this SID for future reference. Before investing, investors should also ascertain about any further changes to this SID after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

This SID shall remain effective until a 'material change' (other than a change in fundamental attributes and within the purview of the SID) occurs and thereafter changes shall be filed with SEBI and communicated to the investors or publicly notified by advertisements in the newspapers, subject to the applicable Regulations.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Franklin Templeton Mutual Fund, Tax and Legal issues and general information available on our website www.franklintempletonindia.com.

The SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Franklin Templeton Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated June 29, 2011.

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01. HIGHLIGHTS / SUMMARY OF THE SCHEMES

Name of the Scheme	**Franklin India Bluechip Fund (FIBCF)**
Nature of the Scheme	An Open-end Growth Fund
Investment Objective	The investment objective of Bluechip Fund is primarily to provide medium to long term capital appreciation.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE Sensex
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Growth Fund (TIGF)**
Nature of the Scheme	An Open-end Growth Fund
Investment Objective	The Investment Objective of the Scheme is to provide long-term capital growth to its Unitholders.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load

Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE Sensex and MSCI India Value Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Templeton India Equity Income Fund (TIEIF)**
Nature of the Scheme	An Open-end Diversified Equity Fund
Investment Objective	TIEIF is an open-end diversified equity fund that seeks to provide a combination of regular income and long-term capital appreciation by investing primarily in stocks that have a current or potentially attractive dividend yield.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE 200
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per

	the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Prima Fund (FIPF)**
Nature of the Scheme	An Open-end growth scheme
Investment Objective	The investment objective of Prima Fund is to provide medium to long-term capital appreciation as a primary objective and income as a secondary objective.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	S&P CNX 500
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Prima Plus (FIPP)**
Nature of the Scheme	An Open-end growth scheme
Investment Objective	The investment objective of Prima Plus is to provide growth of capital plus regular dividend through a diversified portfolio of equities, fixed income securities and money market instruments.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-.

	The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	S&P CNX 500
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Flexi Cap Fund (FIFCF)**
Nature of the Scheme	An Open-end Diversified Equity Fund.
Investment Objective	FIFCF is an open-end diversified equity fund that seeks to provide medium to long-term capital appreciation by investing in stocks across the entire market capitalisation range.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	S&P CNX 500

Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India High Growth Companies Fund (FIHGCF)**
Nature of the Scheme	An Open-end Diversified Equity Fund
Investment Objective	FIHGCF is an open-end diversified equity fund that seeks to achieve capital appreciation through investments in Indian companies/sectors with high growth rates or potential.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	S&P CNX 500
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Opportunities Fund (FIOF)**
Nature of the Scheme	An Open-end Diversified scheme.
Investment Objective	The investment objective of Franklin India Opportunities Fund (FIOF) is to generate capital appreciation by capitalizing on the long-term growth opportunities in the Indian economy.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options).

	All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE 200
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Index Fund (FIIF)**
Nature of the Scheme	An Open-end Index linked growth Scheme
Investment Objective	The Investment Objective of the Scheme is to invest in companies whose securities are included in the Nifty and subject to tracking errors, endeavouring to attain results commensurate with the S&P CNX Nifty Index under NSE Nifty Plan, and to provide returns that, before expenses, closely correspond to the total return of common stocks as represented by the BSE Sensex under BSE Sensex plan.
Plans & Options	NSE Nifty Plan and BSE Sensex Plan. Each Plan further offer Growth Option and Dividend Option (with Reinvestment and Payout Facility). Both the plans will have separate portfolios. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: Nil. Exit: 1% if redeemed/switched-out within 30 days of allotment

Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE Sensex (BSE Sensex Plan) and NSE Nifty (NSE Nifty Plan)
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin Infotech Fund (FIF)**
Nature of the Scheme	An Open-end growth scheme.
Investment Objective	The investment objective of Franklin Infotech Fund is to provide long-term capital appreciation by investing primarily in the information technology industry.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	BSE IT Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Taxshield (FIT)**
Nature of the Scheme	An Open-End Equity Linked Savings Scheme.
Investment Objective	The primary objective for Franklin India Taxshield is to provide medium to long term growth of capital along with income tax rebate.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase / Additional Purchase -** Rs.500/- and any amount in multiple of Rs.500 thereafter. **Redemption:** Rs.500/- and any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: Nil
Tax Benefits	Franklin India Taxshield is an open end Equity Linked Savings Scheme (ELSS), which helps you to save tax now and earn capital appreciation in the future. The investments in FIT in a financial year were qualified for a deduction under Section 80C of the Income Tax Act, 1961. Contributions to ELSS schemes by eligible investors being an Individual or a Hindu Undivided Family (HUF), would be eligible for deduction under the Section 80C(2)(xiii) of the Income Tax Act, 1961, **subject to the fulfillment of the relevant conditions of the said Section 80C.** Investors are requested to consult their tax advisor in this regard.
Lock-in period	All subscriptions in this scheme are subject to a lock-in-period of 3 years from the date of allotment and the Unitholder cannot redeem, transfer, assign or pledge the units during this period.
Liquidity	Subject to completion of the lock-in period, the Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	S&P CNX 500
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin Asian Equity Fund (FAEF)**
Nature of the Scheme	An Open-end Diversified Equity Fund
Investment Objective	FAEF is an open-end diversified equity fund that seeks to provide medium to long term appreciation through investments primarily in Asian Companies / sectors (excluding Japan) with long term potential across market capitalisation.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options).

	All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	MSCI Asia (ex-Japan) Standard Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin Build India Fund (FBIF)**
Nature of the Scheme	An Open-end Equity Fund
Investment Objective	The Scheme seeks to achieve capital appreciation through investments in companies engaged either directly or indirectly in infrastructure-related activities.
Plans & Options	**Growth Plan** and **Dividend Plan** (with Reinvestment and Payout Options).
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.

Benchmark	S&P CNX 500
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**Franklin India Smaller Companies Fund (FISCF)**
Nature of the Scheme	An Open – end Diversified Equity Fund
Investment Objective	The Fund seeks to provide long-term capital appreciation by investing in mid and small cap companies.
Plans & Options	Growth Plan and Dividend Plan (with Payout and Reinvestment Option)
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV.
Redemption Price	Redemptions will be done at the Applicable NAV for redemptions subject to applicable exit load, if any.
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	CNX Midcap
Transparency / NAV Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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Name of the Scheme	**FT India Balanced Fund (FTIBF)**
Nature of the Scheme	An Open-end balanced scheme.
Investment Objective	The investment objective of FT India Balanced Fund is to provide long- term growth of capital and current income by investing in equity and equity related securities and high quality fixed income instruments. The high quality fixed income securities would include AAA rated corporate debt, PSU bonds, central and state government securities and money market instruments.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options).

	All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: 0% Exit: In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Balanced Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

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What is an Equity Linked Savings Scheme (ELSS)?

In respect of Individuals and HUFs, section 80C of the Income Tax Act, 1961 allows a deduction, from total income, of an amount up to Rs.1 Lac of the investment made in certain instruments. The instruments available for such investments, inter-alia, includes the units of any Mutual Fund notified under clause 23(D) of section 10 of the Act provided such units are offered under a plan formulated in accordance with such scheme notified by the Central Government.

In exercise of the powers conferred under Section 8OC of the Income Tax Act, 1961, the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India (CBDT) has formulated an Equity Linked Savings Scheme, 2005 (ELSS 2005) vide notification dated November 3, 2005. The CBDT has clarified that investments made on or after 1st April, 2005, in plans, which are in accordance with ELSS 1992 or ELSS 1992 as amended in 1998 are also eligible for tax benefit under section 80C of the Income-tax Act, 1961.

Franklin India Taxshield (FIT) WAS launched under Section 88 of the Income Tax Act read with the Equity Linked Savings Scheme, 1992 (ELL 1992) vide notification dated December 28, 1992 and Equity Linked Savings (Amendment) Scheme, 1998 vide notification dated December 22, 1998 issued by the Department of Economic Affairs, Ministry of Finance, Government of India. Under the Section 80C and the ELSS notifications, subject to such conditions as may be prescribed, subscription to the Units of the ELSS scheme by Individuals and Hindu Undivided Families, not exceeding Rupees One Lac would be eligible to a deduction, from the total income.

<u>INDEX FUNDS</u>

Franklin India Index Fund is an open-ended passively managed index fund tracking S&P CNX Nifty & BSE Sensex indices. A market index helps us evaluate the performance of a given market. For example, the BSE Sensex comprises of 30 stocks and has grown from a base of 100 in 1979-80 to over 11,000 in recent times. We can have different indices for a given market – for example the BSE 30, BSE 100 and

Nifty are all representative of the stock market in India. Similarly we can have indices for Debt markets (e.g. I- Bex for Govt. Securities Market), commodity markets etc.

The Mutual Fund invests into a portfolio of securities based on the investment objectives of the schemes. The Mutual Fund provides a service of a professional manager who selects and monitors these investments and provides the benefits of professional management, diversification and liquidity. Mutual Fund schemes can be of two types viz., actively managed and passively managed. An actively managed scheme would try and beat the returns generated by a given market by employing sophisticated research tools, actively trading a portfolio etc. – all these translate to higher costs of managing the fund – but do not necessarily guarantee outperformance – specially over the long term. On the other hand, a passively managed scheme like an index fund holds securities in the same proportion as that of a market index in an attempt to closely match the returns generated by the index, subject to tracking errors.

The index fund provides with the following benefits:
a) Diversification: An index would generally represent all the components/ sectors of a given market and hence provide for a broad level of diversification.
b) Low operating expenses: The costs incurred in terms of advisory services, research, distribution expenses are extremely low compared to extremely managed funds. Hence most of the funds have a minimal annual expense ratio.
c) Low transaction costs: Losses due to trading are minimised as there is no active attempt to beat the market returns, the idea is to replicate the returns of the market by ensuring that the fund is fully invested at any given point in time.

The disadvantages of an index fund are:
a) There is no attempt to outperform the market. As mentioned earlier, in any case it is a difficult proposition to do so.
b) Tracking Error: There can be some amount of tracking error, as it is not possible replicate the index completely.

S&P CNX Nifty (Nifty)
S&P CNX Nifty Index, an index owned, operated and managed by India Index Services & Products Ltd. (IISL). IISL is a joint venture company promoted by the National Stock Exchange of India Ltd. (NSE) and the Credit Rating and Information Services of India Ltd. (CRISIL) for constructing, maintaining and disseminating data regarding various indices. IISL has a consulting and licensing agreement with Standard & Poor (S&P). S&P is reputed to be the world's premier rating agency and the S&P 500 is one of the major indices in the USA with a substantial number of index funds tracking the S&P 500. The index comprises 50 stocks listed on the NSE.

BSE Sensex (Sensex):
The BSE Sensex is the oldest Indian market index and is owned, compiled and managed by The Bombay Stock Exchange Ltd. (BSE). The index comprises 30 stocks listed on the BSE.

Tracking Error:
The Extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Nifty / Sensex on any given day or over given period of time arising from any cause or reason whatsoever including but not limited to differences in the weightage of the investments in the Securities and the weightage to such securities in the Nifty / Sensex and the time lags in deployment or realisation of funds under the scheme as compared to the movement of or within the Nifty / Sensex. Tracking error will also be influenced by the market liquidity, cost of trading, management and other expenses etc.

02. INTRODUCTION

A. RISK FACTORS

STANDARD RISK FACTORS

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- Past performance of the sponsors / the asset management company / mutual fund does not indicate or guarantee the future performance of the scheme of the mutual fund.
- There is no assurance or guarantee that the objective of the mutual fund will be achieved.

- The names of the scheme do not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1 lakh made by it towards setting up the Fund.
- Investors in the Scheme are not being offered any guaranteed / assured returns.
- There is no guarantee or assurance on the frequency or quantum of dividends (which shall be at the discretion of the AMC/Trustee and also depend on the availability of adequate distributable surplus) although there is every intention to declare dividends in Dividend Plan.

SCHEME SPECIFIC RISK FACTORS

1. The performance of the scheme may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.
2. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the scheme's investments. Transacting may become difficult due to extreme volatility in the market resulting in constriction in volumes. Additionally, changes in the SEBI/ RBI regulations/Guidelines may have an adverse impact on the liquidity of the scheme. Different segments of the Indian financial markets have different settlement periods, and such period may be extended significantly by unforeseen circumstances. The length of time for settlement may affect the Scheme in the event the Scheme has to meet an inordinately large number of redemption requests. In addition, the Trustee at its sole discretion reserves the right to limit or withdraw sale and/or repurchase/redemption and/or switching of the units in the scheme (including any one of the Plans of the scheme) temporarily or indefinitely under certain circumstances. For details refer the Section '**Right to limit redemptions'.** The scheme will retain certain investments in cash or cash equivalent for the day to day liquidity requirements.

Risks associated with equity investment

3. Market Risk: The scheme proposes to invest in equity and equity-related securities. Prices, trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity-related securities. Market risk is a risk which is inherent to an equity investment.
4. Liquidity Risk: Risk will be monitored in terms of the number of days it takes to liquidate every stock in the portfolio assuming a share of the average volume traded over the previous one year. Efforts would be made to keep the average liquidation period under prudent limits prescribed internally. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges.
5. While mid cap and small cap stocks give one an opportunity to go beyond the usual large blue chip stocks and present possible higher capital appreciation, it is important to note that mid/small cap stocks can be riskier and more volatile on a relative basis. Therefore, the risk levels of investing in small cap and mid cap stocks is more than investing in stocks of large well-established companies. Please note that over a time these two categories have demonstrated different levels of volatility and investment returns and it is important to note that generally, no one class consistently outperforms the others. While smaller and medium size companies may offer substantial opportunities for capital appreciation, they also involve substantial risks. Historically, these companies have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. Smaller companies carries large amount of liquidity risk compared to the Large Cap companies, as the ability to sell is limited by overall trading volume in the securities, which it invests.

   In addition, smaller companies may lack depth of management, be unable to generate funds necessary for growth or development, or be developing or marketing new products or services for which markets are not yet established and may never become established. They could also suffer from disadvantages such as - outdated technologies, lack of bargaining power with suppliers, low entry barriers and inadequate management depth. Overall, the risks of investing in medium / small companies are (a) transparency/liquidity levels may not be on par with established, large companies; (b) corporate governance may be an issue with some companies; and (c) they may not be resilient enough to withstand shocks of business/economic cycles.
6. The scheme may invest up to 5% of its net assets in unlisted equity and equity related instruments and invest in non-publicly offered debt securities, which could affect the liquidity of the scheme.
7. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme's investments due to its holdings of

unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

Risks associated with debt investment

8. Interest rate risk: This risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of debt instruments. Consequently, the Net Asset Value of the scheme may be subject to fluctuation. Changes in the interest rates may affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby possible movements in the NAV. This may expose the schemes to possible capital erosion.
9. Credit risk or default risk: This refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Default risk / credit risk arises due to an issuer's inability to meet obligations on the principal repayment and interest payments. Because of this risk corporate debentures are sold at a yield above those offered on Government Securities, which are sovereign obligations and free of credit risk. Normally the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
10. Market risk: This risk arises due to price volatility due to such factors as interest sensitivity, market perception or the credit worthiness of the issuer and general market liquidity, change in interest rate expectations and liquidity flows. This may expose the schemes to possible capital erosion.
11. Reinvestment risk: This risk refers to the interest rate levels at which cash flows received for the securities in the Scheme is reinvested. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate. The additional risk from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
12. Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
13. Certain fixed income securities give an issuer the right to call its securities, before their maturity date, in periods of declining interest rates. The possibility of such pre-payment risk may force the fund to re-invest the proceeds of such investments in securities offering lower yields, there by reducing the fund's interest income.
14. The scheme may invest in non-publicly offered debt securities. This may expose the scheme to liquidity risks.
15. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
16. Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investments in Securitised Debts. e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with Recourse will have a lower Credit Risk than a Bond without Recourse. Underlying Assets in Securitised Debt may be the Receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (*PAC),* Principal Only Class Tranches (*PO)* and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cashflows that the investor receives in the securitised paper.
17. Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to

resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure

18. Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
19. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the scheme.

Risks associated with derivatives

20. Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
21. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
22. In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.
23. The risks associated with futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
24. The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.
25. While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
26. The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
27. The Stock Exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.
28. Interest rate swaps and FRA require the maintenance of adequate controls to monitor the transactions entered into, the ability to asses the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honor its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.

Risks associated with Securities Lending

29. Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

Risks associated with Short-selling of Securities

30. Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact fund pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house.

Risks associated with overseas investment

31. To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
32. **Currency Risk:** The fund will invest in overseas mutual fund / foreign securities as permitted by the concerned regulatory authorities in India. Since the assets will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuations in the value of the foreign currencies relative to the Indian Rupee.
33. **Country Risk:** The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.

Risks Pertaining to the sector schemes

34. In case of sector funds, the schemes would primarily invest in the respective industry / sector thereby restricting the diversification of the scheme. Therefore, the performance of the scheme would be dependent upon the performance and market price movements of companies in the said industry/sector. Hence, movements in the NAV of the schemes would be more volatile compared to the NAV of a scheme with a more diversified portfolio.

Risks specific to Franklin Build India Fund

35. The investments under the Scheme are oriented towards equity and equity linked instruments of companies engaged in the infrastructure related activities and hence will be affected by risks associated with the infrastructure industries. The performance of the Scheme would be dependent upon the performance and market price movements of companies in the infrastructure industry. Amongst the infrastructure industries as mentioned under the investment strategy, the majority of the equity / equity linked investments could be concentrated under a single or a few sectors. Hence if the said sector(s) does not perform positively as expected by the Fund Manager of the Scheme, the Scheme's performance may be adversely affected due to a risk associated with non-diversification and thus could affect the value of investments. Further, movements in the Net Asset Value (NAV) of the Scheme may be more volatile as compared to the NAV of a scheme with a more diversified portfolio.
36. The Scheme will focus on companies which will benefit from structural changes brought about by continuing liberalization in economic policies by the Government and/or from continuing investments in infrastructure, both by the public and private sector. It is possible that such policies may not fructify or crystallise in a manner commensurate with expectations thereby affecting the prospects of companies held in the portfolio of the Scheme. Since, the NAV of the scheme is linked to the share price performance of such companies, they may outperform or under perform the benchmark index and/or the constituents of the said benchmark index.

Risks Pertaining to the Index Based Schemes

37. Performance of the S&P CNX Nifty & BSE Indices will have a direct bearing on the performance of the scheme. In the event the S&P CNX Nifty Index / BSE Sensex index is dissolved or withdrawn by India Index Services and Products Ltd. (IISL)/ The Bombay Stock Exchange Ltd. (BSE), the Trustees reserve the right to modify the schemes so as to track a different and suitable index and appropriate intimation will be sent to the Unitholder of the scheme.
38. Tracking errors are inherent in any indexed fund and such errors may cause the scheme to generate returns, which are not in line with the performance of the Nifty/ Senxsex or one or more securities covered by/ included in the Nifty/ Sensex. Such variations, referred to as tracking error, are expected to be around 2% per annum, but may vary substantially due to several factors including but not limited to:
    - Any delay experienced in the purchase or sale of shares due to liquidity of the market, settlement

and realisation of sales proceeds and the registration of any security transfer and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.

- The Nifty/ Sensex reflects the prices of securities at close of business hours. However, the Fund may buy or of-load securities at different points of time during the trading session at the then prevailing prices which may not correspond to the closing prices on the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).
- IISL/BSE undertakes a periodic review of the scrips that comprise the Nifty/ Sensex and may either drop or include new securities. In such an event the Fund will endeavour to reallocate its portfolio but the available investment / disinvestment opportunities may not permit precise mirroring of the Nifty immediately.
- The potential for trades to fail, which may result in the particular scheme not having acquired shares at a price necessary to track the index.
- The holding of a cash position and accrued income prior to distribution and accrued expenses.
- Disinvestments to meet redemption, recurring expenses, dividend payout etc. as elsewhere indicated in this Scheme Information Document.

Risk Mitigation Factors:

Equity:

- Liquidity Risk: The fund will try to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying stocks.
- Concentration Risk: Except in case of sector funds and FBIF, the schemes will endeavour to have a well-diversified equity portfolio comprising stocks across various sectors of the economy. This would aid in managing concentration risk and sector-specific risks.
- Generally, diversification across market cap segments also aids in managing volatility and ensuring adequate liquidity at all times.
- Derivatives Risk: The fund will endeavour to maintain adequate controls to monitor the derivatives transactions entered into.

Debt

- Interest Rate Risk: The Fund seeks to mitigate this risk by keeping the maturity of the schemes in line with the interest rate expectations.
- Credit risk or default risk: The Fund would predominantly invest in high investment grade fixed income securities rated by SEBI registered credit rating agencies. Historical default rates for investment grade securities (BBB and above) have been low.
- Reinvestment Risk: Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value.
- The schemes may take positions in interest rate derivatives to hedge market/interest rate risks.
- Liquidity or Marketability Risk: The fund will endeavour to minimise liquidity risk by investing in securities having a liquid market.

B. REQUIREMENT OF MINIMUM NUMBER OF INVESTORS

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

- Investment decisions made by the Investment Manager will not always be profitable or prove to be correct. Accordingly, the scheme is not intended as a complete investment program.
- In the event that the investible funds of more than 65% of the total proceeds of the scheme (annual average) are not invested by way of equity shares of domestic companies, then the schemes TIEIF & FTIBF may not qualify as equity oriented funds.
- A Unitholder may invest in the scheme and acquire a substantial portion of the scheme units. The repurchase of units by the Unitholder may have an adverse impact on the units of the schemes, because the timing of such repurchase may impact the ability of other Unit holders to repurchase their units.
- The tax benefits available under the ELSS schemes are as available under the present taxation laws and are available only to certain specified categories of investors and that is subject to fulfillment of the relevant conditions. The information given is included for general purposes only and is based on the law and the practice that is currently in force in India and the investors and the Unitholders should be aware that the relevant fiscal rules and their interpretation might change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unitholder is advised to consult his/her own professional tax advisor. The Trustee, AMC, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up before the completion of the lock-in period. Investors are requested to review the prospectus carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment/participation in the scheme.
- Prospective investors should review / study this SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/ investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of Units within their jurisdiction / of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift Units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding Units before making an application for Units.
- Neither this Scheme Information Document nor the units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Scheme Information Document in certain jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this Scheme Information Document or any accompanying application form in such jurisdiction may treat this Scheme Information Document or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.
- No person has been authorised to give any information or to make any representations not confirmed in this Scheme Information Document in connection with this Offer or the issue of Units, and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund, the Investment Manager. Neither the delivery of this Scheme Information Document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the close of the Initial Offering Period. The Investor is requested to check the credentials of the individual/firm he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund/Trustee or the AMC shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.

IMPORTANT NOTE
(Applicable in case of Franklin India Index Fund)

"Standard & Poor's®" and "S&P®" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by India Index Services & Products Limited (IISL), which has sublicensed such marks to the Franklin Templeton Asset Management (India) Pvt. Ltd. (Investment Manager). The S&P CNX Nifty is not compiled, calculated or distributed by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in products that utilise any such Index as a component, or such similar language as may be approved in advance by S&P it being understood that such notice need only refer to the specific S&P Marks referred to in the Offer Document.

Franklin India Index Fund - NSE Nifty Plan (FIIF-Nifty) is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL) or Standard & Poor's, a division of The McGraw-Hill Companies Inc. (S&P). Neither IISL nor S&P makes any representation or warranty, express or implied to the unitholders of FIIF-Nifty or any member of the public regarding the advisability of investing in securities generally or in FIIF-Nifty particularly or the ability of the S&P CNX Nifty to track general Stock market performance in India. The relationship of S&P and IISL to the Investment Manager is in respect of the licensing of certain trademarks and trade names of their index, which is determined, composed and calculated by IISL without regard to the Investment Manager or FIIF-Nifty. Neither IISL nor S&P has any obligation to take into consideration the needs of the Investment Manager or the unitholders of the FIIF-Nifty in determining, composing or calculating the S&P CNX Nifty Index. Neither IISL nor S&P is responsible for or has participated in the determination of the timing of, prices at, or quantities of FIIF-Nifty to be issued or in the determination or calculation of the equation by which FIIF-Nifty is to be converted into cash. Neither S&P nor IISL has any obligation or liability in connection with the administration or marketing or trading of FIIF-Nifty.

S&P and IISL do not guarantee the accuracy and/or the completeness of the S&P CNX Nifty or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. Neither IISL nor S&P makes any warranty, express or implied, as to the results to be obtained by the Investment Manager, Unitholders of FIIF-Nifty, or any other persons or entities from the use of the S&P CNX Nifty or any data included therein. IISL and S&P make no express or implied warranties and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall IISL or S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

All rights in the BSE Sensex vest in The Bombay Stock Exchange Ltd. (BSE). BSE and Sensex are trademarks of BSE and are used by Franklin Templeton Asset Management (India) Private Limited under license. BSE shall not be liable in any manner whatsoever (including in negligence) for any loss arising or to any person whosoever out of use of or reliance on the BSE Sensex by any person. BSE disclaims liability for any use/ result of use of BSE Sensex.

Franklin India Index Fund - BSE Sensex Plan (FIIF-Sensex) is not sponsored, endorsed, sold or promoted by The Bombay Stock Exchange Ltd (BSE). BSE makes no representation or warranty, express or implied to the unitholders of the scheme or any other person regarding the advisability of investing in securities generally or in the scheme particularly or the ability of the BSE Sensex to track stock market performance in India or the quality or continuity of the index or its fitness for a particular purpose or otherwise. The relationship of BSE to Franklin Templeton Asset Management (India) Private Limited is in respect of the licensing of use of BSE Sensex, which is determined, composed and calculated by BSE without regard to Franklin Templeton Asset Management (India) Private Limited or the scheme. BSE has no obligation to take the needs of Franklin Templeton Asset Management (India) Private Limited – Franklin India Index Fund - BSE Sensex Plan or the unitholders of the scheme into consideration in determining, composing, calculating, changing or continuing the BSE Sensex. BSE is not responsible for nor has participated in the determination of the timing of, prices at, or quantities of the scheme to be issued or valued or in the determination or calculation of the equation by which the scheme is to be valued converted into cash. BSE has no obligation or liability in connection with the administration, marketing or trading of the scheme.

The Bombay Stock Exchange Ltd. does not guarantee the accuracy and/or the completeness and/or the continuity of the BSE Sensex or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein or change or cessation thereof. BSE makes no warranty, express or implied, as to the results to be obtained by Franklin Templeton Asset Management (India) Private Limited, unitholders of the scheme, or any other persons or entities from the use of BSE Sensex or any data included therein. BSE makes no express or implied warranties and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall BSE have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

D. DEFINITIONS

For the purpose of this Scheme Information Document, unless the context otherwise requires, the following terms shall have the following meanings:

Applicable NAV	"Applicable NAV" is the Net Asset Value per unit applicable for the transaction (subscription / redemption / switch) based on the day and time on which the application is accepted at any ISC / Collection Centre, as evidenced by the electronic date / time stamp affixed at the ISC or Collection Centre.
Business Day	A day other than: (i) Saturday and Sunday; (ii) a day on which The Bombay Stock Exchange Ltd. (BSE) and / or the National Stock Exchange of India Ltd. (NSE) are closed for business; (iii) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time; (iv) a day on which sale and repurchase of units is suspended by the AMC; (v) A day on which register of unitholders is closed; (vi) a day which is a holiday/non-working day at an ISC or a Collection Centre. However, it will be non business day for that location only. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all ISCs or Collection Centres. Further, in case in of FAEF, the AMC also reserves the right to declare any day as a Non-Business Day for the Scheme if any of the relevant overseas stock exchanges are closed for business.
CDSC	Contingent Deferred Sales Charge
Entry / Sales Load	Load on subscriptions / purchases
Exit / Redemption Load	Load on redemption / repurchase other than CDSC
Equity linked instruments	Convertible bonds / debentures, warrants including warrants carrying the right to obtain shares, shares of different classes including preference shares, Foreign Currency Convertible Bonds (FCCB), Depository Receipts etc.
ELSS	Equity Linked Savings Scheme
ISC	Investor Service Centre of the Asset Management Company
Collection Centres	The location (other than ISC) that is declared as an official point of acceptance for all transactions but where no Investor or Distributor services are offered. These locations would only accept and acknowledge transactions as per SEBI guidelines.
Feeder Fund	Feeder Fund means any Foreign Institutional Investor (FII) through their sub-account or any scheme/fund/portfolio established in India or otherwise that invests primarily in the schemes of Franklin Templeton Mutual Fund.
Foreign Securities	Depository Receipts (DR) / Foreign Currency Convertible Bond (FCCB) issued by Indian companies, shares of different classes / stocks / warrants / DRs of overseas companies, foreign debt securities (short term as well as long term debt instruments – convertible or non convertible), foreign government securities, units/securities issued by overseas mutual funds or unit trusts, overseas exchange traded funds (ETFs), foreign derivatives and such other overseas financial assets/instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.
Eligible Investment Amount	The maximum amount that can be invested, by all the schemes of Franklin Templeton Mutual Fund in Foreign Securities, calculated based on the cost of investments in Foreign Securities as per the RBI Circular AP (DIR) Series Circular No. 12 dated September 26, 2007 read with SEBI Circular No. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, that currently permits the Fund to invest only up to US$300 million in Foreign Securities and up to US$ 50 million in ETFs. The Eligible Investment Amount may change in

	case the aforesaid limits are revised by SEBI/RBI from time to time.
Smaller Company (in relation to FISCF)	Any company, which has a market capitalisation below that of the 100th stock in S&P CNX 500 Index (i.e., top 20% of the index by market capitalisation), and may or may not be a company forming part of the S&P CNX 500 index.
Other company (in relation to FISCF)	Any company which has market capitalization of the 100th stock and above in S&P CNX 500 and may or may not be a company forming part of the S&P CNX 500 index.
High Growth Companies/Sectors (in relation to HIGHCF)	Companies or Sectors witnessing above average growth depending on prospects available at various points of time.
Large Company (in relation to TIEIF)	Any company, having a market capitalisation of Rs.1,350 crores and above
Other Company (in relation to TIEIF)	Any company, having a market capitalisation less than Rs.1,350 crores
Market Capitalisation	Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding.
Money Market Instruments	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, (repos / reverse repos), CBLO and any other like instruments as specified by the Reserve Bank of India from time to time including mibor linked securities, call products having unexpired maturity up to one year
NAV	Net Asset Value of the Units of each respective Scheme
SAI	Statement of Additional Information of Franklin Templeton Mutual Fund
Scheme Information Document	The document issued by Franklin Templeton Mutual Fund offering units of each respective Scheme
Repo / Reverse Repo	Sale/Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.
Scheme(s)	Franklin India Bluechip Fund, Templeton India Growth Fund, Templeton India Equity Income Fund, Franklin India Prima Fund, Franklin India Prima Plus, Franklin India Flexi Cap Fund, Franklin India High Growth Companies Fund, Franklin India Opportunities Fund, Franklin India Index Fund, Franklin Infotech Fund, Franklin India Taxshield, Franklin Asian Equity Fund, Franklin Build India Fund, FT India Balanced Fund, Franklin India Smaller Companies Fund
Unit	The interest of an investor, which consists of, one undivided shares in the Net Assets of each respective Scheme
Unitholder	A person holding Units in each respective Scheme

Words and expression used but not defined in this Scheme Information Document shall have the same meaning respectively assigned to them under the Statement of Additional Information.

In this SID, all references to “U.S.$” or “$” are to United States of America Dollars and “Rs.” are to Indian Rupees.

E. DUE DILIGENCE CERTIFICATE

Combined Scheme Information Document – Open end Equity and Balanced Funds

It is confirmed that:

i. the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
ii. the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
iii. the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Shilpa Shetty
Compliance Officer

Date: June 29, 2011
Place: Mumbai

03. INFORMATION ABOUT THE SCHEMES

1. FRANKLIN INDIA BLUECHIP FUND (FIBCF)

A. NAME & TYPE OF THE SCHEME

Franklin India Bluechip Fund, an open-end growth fund.

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of the scheme is primarily to provide medium to long term capital appreciation.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	%
Equities	Medium to High	Above 60%
Debt*	Low to Medium	Upto 40%
Money Market Instruments	Low	Upto 15%

* includes Securitised Debt upto 40%

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

2. TEMPLETON INDIA GROWTH FUND (TIGF)

A. NAME & TYPE OF THE SCHEME

Templeton India Growth Fund, an open-end growth scheme.

B. INVESTMENT OBJECTIVES & POLICIES

The Investment Objective of the Scheme is to provide long-term capital growth to its Unitholders. The corpus of the Scheme will be invested primarily in Equity Capital, Preference Capital, Non-voting Capital (when permitted), Warrants, Debt Securities convertible into or carrying the right to acquire Equity Capital of both established as well as emerging growth companies.

C. ASSET ALLOCATION PATTERN

It is expected that around 85% of the corpus of the Scheme will be invested in Equity and Equity related instruments. The balance portion will be invested in Debt Securities such as non-convertible portion of Convertible Debentures (Khokas), Non-Convertible Debentures, Secured Premium Notes, Zero Interest Bonds / Notes, Commercial Papers and Money Market Instruments, Short Term Debt Instruments, etc. issued by various Corporates, Government-State or Central, Public Sector undertakings and all other instruments as may be permitted by SEBI from time to time. This is for providing liquidity, preservation of capital and for giving recurring income to the fund. The Investment Manager may invest in Debt Securities when it is perceived that such investments present an opportunity for achieving the Scheme's investment objectives, provided that the Debt Securities are rated as investment grade by a credit rating agency. In case of investments in Debt Securities that are not rated, prior approval of the Board of Directors of Investment Manager or a committee appointed by the Board of Directors of the AMC and Trustee Company will be taken. Investment in money market instruments will be in accordance with SEBI / RBI Regulations.

The Scheme will purchase securities in public offerings and rights issues, as well as those traded in the secondary markets. The Scheme may also invest in securities sold directly by the Issuer, or acquired in a negotiated transaction. The moneys collected under this Scheme shall be invested only in transferable securities.

Under normal circumstances, the asset allocation under the Scheme will be as follows:

Sr. No.	Type of Security	% of Corpus (Indicative)	Risk Profile
1.	Equities & Equity linked securities	85	Medium to High
2.	Debt securities/ Money Market instruments	15	Low to Medium
	TOTAL	**100**	

Note: Debt includes Securitised Debt.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

Investment Philosophy

All the funds managed by Templeton organisation are guided by a disciplined, yet flexible long-term approach to value-oriented global investing.

Templeton investments are usually Bargain Hunters.

A bargain is a stock selling at a price that is unusually low in relation to Templeton's appraisal of its value. Identifying bargain securities is just the beginning of the process. Templeton knows that it takes courage to act on the belief that a security is worth more than its present value even though it is temporarily out of favour. Templeton truly believes in buying at a point if maximum pessimism and selling at a point of maximum optimism.

In addition, Templeton funds are essentially long-range investors.

Templeton does not think it pays to 'play the market'. When Templeton buys a stock, they have no idea whether they will own it for one month or for 20 years, but it averages out to about 5 years. According to Templeton, the investor should regard his investments as a long-term program. Otherwise, he may miss out on the important long-term results.

At Templeton, a value-oriented, bottom-up approach is employed to select stocks for their funds. This means the selection process starts first by looking closely at the companies in which they are interested (the bottom), followed by researching their industries and countries (the top).

Step One: Stock Selection

The investment selection process at Templeton focuses on finding stock of companies that they believe are selling at the greatest discount to their value five years in the future. Once potentially undervalued stocks are identified, the real fundamental analysis begins by Templeton analysts based in Mumbai and other parts of the world. The analyst's job is to distinguish a 'cheap' stock from a 'bargain'. They focus on factors that may cause earning and/ or assets to increase over the next five years. The best ideas from the research database are then submitted for inclusion on the 'Bargain List'.

Step Two: The Bargain List

Templeton's analysts and portfolio managers present their stock recommendations to their peers for consideration and eventual inclusion on the Templeton Bargain List. Each stock on the list has an established 'Buy' limit and 'sell' target. The bargain list is the focal point of the investment process and is used to construct all Templeton portfolios.

Step Three: Portfolio Construction

Fund portfolios are usually constructed by having a diversified portfolio of large capitalised liquid stocks.

3. TEMPLETON INDIA EQUITY INCOME FUND (TIEIF)

A. NAME & TYPE OF THE SCHEME

Templeton India Equity Income Fund, an open-end diversified equity fund.

B. INVESTMENT OBJECTIVES & POLICIES

The Scheme seeks to provide a combination of regular income and long-term capital appreciation by investing primarily in stocks that have a current or potentially attractive dividend yield.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	Min%-Max% #
Equities and Equity Linked instruments, out of which	**Medium to High**	**70% - 100%**
Large companies	Medium	20%-75%
Other Indian companies	Medium to High	0%-25%
Foreign securities as permitted by SEBI/RBI	Medium to High	0%-50%
Debt securities, Money Market Instruments and Cash*	**Low to Medium**	**0% - 30%**

including investments in ADR/GDR/Foreign Securities/FCCBs and any other instruments as may be permitted by SEBI/RBI upto 50%of the net assets of the scheme, exposure in derivatives upto a maximum of 50%

* including securitised debt upto 30%

- The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
- A maximum of 50% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 25% of net assets outstanding at any point of time.
- Investment in ADR/GDR/foreign securities: The Scheme shall invest in ADR's, GDR's, foreign equity, foreign debt securities etc and other overseas financial assets, units of mutual funds managed by overseas Asset Management Companies/Investment Managers and registered with overseas regulators and other securities as may be permitted by SEBI/RBI etc, which in the judgment of the

AMC is eligible for investment as part of the Scheme's portfolio and is consistent with the investment strategy. The investment in such overseas Financial Assets shall not exceed the limit as may be imposed by SEBI/RBI from time to time and shall be within the investment composition.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

4. FRANKLIN INDIA PRIMA FUND (FIPF)

A. NAME & TYPE OF THE SCHEME

Franklin India Prima Fund, an open-end growth fund

FIPF is investing for growth of capital primarily through a diversified portfolio of relatively smaller companies.

Dynamic and well-managed, small and medium sized enterprises usually experience higher growth rates than their well-established larger counterparts. If identified early, investments is such companies have the potential to deliver substantial capital appreciation as they transition into becoming tomorrow's well-established large size companies. Such companies have the advantages of nimbleness and entrepreneurial culture that can lead to long term growth.

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Prima Fund is to provide medium to long term capital appreciation as a primary objective and income as a secondary objective.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	%
Equities	Medium to High	Above 60%
Debt*	Low to Medium	Upto 40%
Money Market Instruments	Low	Upto 15%

* Includes Securitised Debt upto 40%

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

5. FRANKLIN INDIA PRIMA PLUS (FIPP)

A. NAME & TYPE OF THE SCHEME

Franklin India Prima Plus, an open-end growth fund

FIPP is investing for growth of capital primarily through a diversified portfolio of wealth creating companies across market capitalisation ranges.

Wealth creating companies are defined as those, which have the potential to produce returns consistently in excess of their cost of capital. The ability to achieve this is derived from sustainable competitive advantages emanating from intellectual property rights, proprietary technologies, well known brands, sound business strategies, management quality and so on. The intrinsic value of these companies rises with time. The stock market sooner or later acknowledges their unique contribution and rewards investors in such companies.

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Prima Plus is to provide growth of capital plus regular dividend through a diversified portfolio of equities, fixed income securities and money market instruments.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	%
Equities	Medium to High	At least 40%
Debt*	Low to Medium	Upto 40%
Money Market Instruments	Low	Upto 20%

*Includes Securitised Debt upto 40%

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

6. FRANKLIN INDIA FLEXI CAP FUND (FIFCF)

A. NAME & TYPE OF THE SCHEME

Franklin India Flexi Cap Fund, an open-end diversified equity fund

B. INVESTMENT OBJECTIVES & POLICIES

FIFCF is an open-end diversified equity fund that seeks to provide medium to long-term capital appreciation by investing in stocks across the entire market capitalization range.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	Min%-Max%
Equities and Equity Linked instruments# out of which	**Medium to High**	**75% - 100%**
Large Cap	Medium	20%-100%
Mid Cap	Medium to High	0%-70%
Small Cap	High	0%-40%
Debt securities*	**Low to Medium**	**0% - 25%**
Money Market Instruments	**Low**	**0% - 25%**

including investments in ADR/GDR up to 50%, exposure in derivatives upto a maximum of 50%
*including securitised debt upto 25%

- The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
- A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

7. FRANKLIN INDIA HIGH GROWTH COMPANIES FUND (FIHGCF)

A. NAME & TYPE OF THE SCHEME

Franklin India High Growth Companies Fund, an open-end diversified equity fund

B. INVESTMENT OBJECTIVES & POLICIES

The Scheme seeks to achieve capital appreciation through investments in Indian companies/sectors with high growth rates or potential.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	Min%-Max% #
Equities and Equity Linked instruments	Medium to High	70% - 100%
Debt securities* and Money Market Instruments	Low to Medium	0% - 30%

including investments in Foreign Securities as may be permitted by SEBI/RBI up to 35% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%

* including securitised debt up to 30%

- The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
- A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

8. FRANKLIN INDIA OPPORTUNITIES FUND (FIOF)

A. NAME & TYPE OF THE SCHEME

Franklin India Opportunities Fund, an open-end diversified fund

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Franklin India Opportunities Fund is to generate capital appreciation by capitalizing on the long-term growth opportunities in the Indian economy.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time. On defensive considerations, the scheme may invest substantially in money market instruments to protect the interest of the investors in the schemes.

The scheme's investment strategy will include investing in shares of Indian companies listed on Indian stock exchanges/overseas stock exchanges. The scheme will invest in securities of Indian/foreign companies listed overseas as per guidelines issued by the Central Government, RBI and SEBI from time to time.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	% of corpus
Equities	Medium to high	Up to 100%
Money Market instruments	Low to Medium	Up to 35%

- Under normal circumstances at least 65% of the scheme's assets will be invested in equities. Upon defensive consideration the AMC may reduce the allocation to below 65% and correspondingly increase allocation to money market instruments.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

9. FRANKLIN INDIA INDEX FUND (FIIF)

A. NAME & TYPE OF THE SCHEME

Franklin India Index Fund, an open-end index linked growth fund.

Franklin India Index Fund is an open-ended passively managed index fund tracking S&P CNX Nifty & BSE Sensex indices.

S&P CNX Nifty (Nifty)
The Nifty is at present being managed by India Index Services and Products Ltd. (IISL). IISL is a joint venture company promoted by the National Stock Exchange of India Ltd. (NSE) and the Credit Rating and Information Services of India Ltd (CRISIL). IISL has a consulting and licensing agreement with Standard & Poor (S&P). S&P is reputed to be the world's premier rating agency and the S&P 500 is one of the major indices in the USA with a substantial number of index funds tracking the S&P 500.

BSE Sensex (Sensex):
The BSE Sensex is the oldest Indian market index and is being managed by The Bombay Stock Exchange Ltd. (BSE). The index comprises 30 stocks listed on the BSE.

B. INVESTMENT OBJECTIVES & POLICIES

Franklin India Index Fund is an open ended index linked growth scheme with the objective to invest in companies whose securities are included in the Nifty and subject to tracking errors, endeavouring to attain results commensurate with the S&P CNX Nifty Index under NSE Nifty Plan, and to provide returns that, before expenses, closely correspond to the total return of common stocks as represented by the BSE Sensex under BSE Sensex plan.

Franklin India Index Fund is an open ended index linked growth Scheme with the objective to invest in companies whose securities are included in the Nifty and subject to tracking errors, endeavouring to attain results commensurate with the S&P CNX Nifty Index under NSE Nifty Plan, and to provide returns that, before expenses, closely correspond to the total return of common stocks as represented by the BSE Sensex under BSE Sensex plan. Under NSE Nifty Plan, this would be done by investing in all the stocks comprising the S&P CNX Nifty index in approximately the same weightage that they represent in the S&P CNX Nifty. Under the BSE Sensex Plan, the scheme seeks to match, as closely as possible before expenses and tracking errors, the performance of the BSE Sensex, which represents a sample of 30 large, well established companies.

Franklin India Index Fund has been designed with the intention of tracking the movement of securities from time to time included in the Nifty & the Sensex. The Scheme plans to do this by investing the entire corpus in the stocks that comprise the Nifty (under NSE Mifty Plan) & Sensex (under BSE Sensex Plan) in similar weights to the weightage given by Nifty & Sensex respectively, so that the portfolio would appreciate or depreciate (subject to tracking errors) in more or less the same manner as the Nifty & Sensex. Subject to the requirements of cash flows to meet the recurring expenses and to service investors who decide to exit from the Scheme or for distribution of income to investors, it is proposed that income (by way of dividend or otherwise) will be invested in the Nifty & Sensex securities. It is also proposed that disinvestment will take place only on investors exiting from the Scheme or any security ceasing to be included in the Nifty & Sensex or to meet the cash flow requirements.

C. ASSET ALLOCATION PATTERN

The Investments by the Fund will be in Securities for the time being covered by the Nifty and the Sensex. The proposed investment pattern under normal circumstances for the Scheme, is as under:

NSE Nifty Plan:

Investments	% of Corpus (Indicative Allocation)	Risk Profile
Securities covered by the Nifty	Up to 100%	Medium to High
Money Market instruments, convertible bonds & cash including money at call but excluding subscription and Redemption Cash Flow	Up to 5%	Low to Medium

BSE Sensex Plan:

Instruments	% of Corpus (Indicative Allocation)	Risk Profile
Securities covered by the BSE Sensex	Up to 100%	Medium to High
Money Market instruments, convertible bonds and other securities including cash at call but excluding subscription and redemption Cash Flow.	Up to 20%	Low

Subscription Cash flow is the subscription money in transit before deployment and Redemption cash flow is the money kept aside for meeting redemptions.

The asset allocation shown above is indicative and may be changed by the Investment Manager for a short-term period on defensive consideration. Notwithstanding the foregoing, the Trustee may from time to time at its absolute discretion review and modify the investment strategy provided such modification is in accordance with SEBI Regulations.

The Scheme may invest in index futures, stock futures and options contracts, warrants, convertible securities, swap agreements or other derivative products, as and when introduced but always subject to regulatory requirements and in compliance with the investment objective of the Scheme. Please refer to the heading "Investments in Derivative Instruments" for more details.

To try and optimise returns to investors the Fund may indulge in Stock Lending activities or other facilities as may be introduced and permitted by the regulatory authorities.

Change in Investment Pattern

As an Index Based Scheme, the policy is passive management. However, the investment pattern is indicative and may change for short duration. In the event the S&P CNX Nifty Index or the BSE Sensex Index is dissolved or is withdrawn by IISL or the BSE respectively, or is not published due to any reason whatsoever, the Trustee reserves a right to modify the Scheme so as to track a different and suitable index or to suspend tracking the Nifty or Sensex till such time it is dissolved/withdrawn or not published and appropriate intimation will be sent to the unitholders of the Scheme. In such a case, the investment pattern will be modified suitably to match the composition of the securities that are included in the new index to be tracked and the scheme will be subject to tracking errors during the intervening period.

Tracking Error

The performance of the Scheme may not be commensurate with the performance of the Nifty or Sensex on any given day or over any given period. Such variations, referred to as tracking error, are expected to be around 2% per annum, but may vary substantially due to several factors including but not limited to:

- Any delay experienced in the purchase or sale of shares due to illiquidity of the market, settlement and realisation of sales proceeds and the registration of any securities transfer and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.
- The Nifty and the Sensex reflect the prices of securities at close of business hours. However the Fund may buy or off-load securities at different points of time during the trading session at the then prevailing prices which may not correspond to the closing prices on the NSE or the BSE.
- IISL and BSE undertake a periodical review of the scrips that comprise the Nifty and the Sensex respectively, and may either drop or include new securities. In such an event the Fund will endeavour to reallocate its portfolio but the available investment/ disinvestment opportunities may not permit precise mirroring of the Nifty or the Sensex immediately.
- The potential for trades to fail, which may result in the Scheme not having acquired shares at a price necessary to track the index.
- The holding of a cash position and accrued income prior to distribution and accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.

10. FRANKLIN INFOTECH FUND (FIF)

A. NAME & TYPE OF THE SCHEME

Franklin Infotech Fund, an open-end growth fund

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Franklin Infotech Fund is to provide long- term capital appreciation by investing primarily in the information technology industry.

C. ASSET ALLOCATION PATTERN

Instruments	Risk Profile	% of Assets
Equities/Equity related instruments	High - Medium	Up to 100%
Money market instruments	Low	Up to 60%

Under normal circumstances at least 65% of the total assets will be invested in the equities of the Information technology industry. However, upon defensive consideration the AMC has the right to reduce the allocation to below 65% and correspondingly increase allocation to money market instruments.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

11. FRANKLIN INDIA TAXSHIELD (FIT)

A. NAME & TYPE OF THE SCHEME

Franklin India Taxshield, an open-end equity linked savings scheme

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Franklin India Taxshield is to provide medium to long-term growth of capital along with income tax rebate.

C. ASSET ALLOCATION PATTERN

The investment polices shall be in accordance with SEBI (Mutual Funds) Regulations, 1996 and rules and guidelines for ELSS-1992 scheme (including any modification to them) and within the following guidelines:

1. The funds collected under a scheme shall be invested in equities, cumulative convertible preference shares and fully convertible debentures and bonds of companies. Investment may also be made in partly convertible issues of debentures and bonds including those issued on rights basis subject to the condition that, as far as possible, the non-convertible portion of the debentures so acquired or subscribed, shall be disinvested within a period of 12 months.
2. It shall be ensured that funds of a scheme shall remain invested to the extent of at least 80 percent in securities specified in clause (1). The scheme shall strive to invest their funds in the manner stated above within a period of 6 months from the date of closure. In exceptional circumstances, this requirement may be dispensed with by the scheme, in order that the interests of the investors are protected.
3. Pending investment of funds of a scheme in the required manner, the scheme may invest the funds in short-term money market instruments or other liquid instruments or both. After three years of the date of allotment of the units, the scheme may hold upto 20 percent of net assets of the plan in short-term money market instruments and other liquid instruments to enable them to redeem investment of those unitholders who would seek to tender the units for repurchase.

4. Steady State Asset Allocation

Instruments	Risk Profile	% of Assets
Equity/Equity related instruments	High - Medium	Upto 100%
PSU Bonds / Debentures	Medium - Low	Upto 20%
Money Market Instruments	Low	Upto 20%

The above percentages will be reckoned at the time of investment and the above allocation is based on a steady state situation.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time. On defensive considerations, the scheme may invest in money market instruments and Fixed Deposits of Scheduled Banks to protect the interest of the investors in the scheme.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

12. FRANKLIN ASIAN EQUITY FUND (FAEF)

A. NAME & TYPE OF THE SCHEME

Franklin Asian Equity Fund, an open-end diversified equity fund

B. INVESTMENT OBJECTIVES & POLICIES

The Scheme seeks to provide medium to long term appreciation through investments primarily in Asian Companies/sectors (excluding Japan) with long term potential across market capitalisation.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of Net Assets # (Min. – Max.)
Equities and Equity Linked instruments - Domestic securities - Foreign Securities@	Medium to High	**70% - 100%** 0% - 40% 50% - 100%
Domestic Debt securities* and Money Market Instruments	Low to Medium	**0% - 30%**

@ including investments in units/securities of overseas mutual funds/unit trusts and such other foreign securities/ instruments as may be permitted by SEBI/RBI
# exposure in derivatives up to a maximum of 50%
* including securitised debt up to 30%

- The scheme would predominantly invest in Foreign Securities of Asian companies (excluding Japan) and other companies that are benefiting from growth in Asian economies.
- The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
- A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

13. FRANKLIN BUILD INDIA FUND (FBIF)

A. NAME & TYPE OF THE SCHEME

Franklin Build India Fund, an open-end equity fund

B. INVESTMENT OBJECTIVES & POLICIES

The Scheme seeks to achieve capital appreciation through investments in companies engaged either directly or indirectly in infrastructure-related activities.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of Net Assets # (Min. – Max.)
Equities and Equity Linked instruments - Infrastructure-related companies - Other companies	Medium to High	**70% - 100%** 65% - 100% 0% - 35%
Debt securities* and Money Market Instruments	Low to Medium	**0% - 30%**

including investments in Foreign Securities as may be permitted by SEBI/RBI up to 35% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%
* including government securities and securitised debt up to 30%

- The Scheme would primarily invest in equities and equity related instruments of companies which are engaged either directly or indirectly in infrastructure-related activities.
- A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

14. FRANKLIN INDIA SMALLER COMPANIES FUND (FISCF)

A. NAME & TYPE OF THE SCHEME

Franklin India Smaller Companies Fund, an open – end diversified equity fund

B. INVESTMENT OBJECTIVES & POLICIES

The Fund seeks to provide long-term capital appreciation by investing in mid and small cap companies.

The investment policies of the Scheme shall be as per SEBI (Mutual Funds) Regulations, 1996, and within the following guidelines in conformity with Investment Management Agreement and Trust Deed.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	Min%-Max%*
Equities and Equity Linked instruments out of which:	**Medium to High**	**75% - 100%**
Smaller Companies	High	75% - 100%
Other Companies	Medium	0% - 25%
Debt/Money Market Instruments/Cash**	**Low to Medium**	**0% - 25%**

* including investments in ADR/GDR/foreign securities up to 50% of the equity/debt portion, exposure in derivatives up to a maximum of 50%.
**including securitised debt up to 25%.

- The fund manager(s) will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time by investing in Smaller Companies as defined.
- The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and the fund manager may invest in large cap stocks. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
- A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

15. FT INDIA BALANCED FUND (FTIBF)

A. NAME & TYPE OF THE SCHEME

FT India Balanced Fund, an open-end balanced fund

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of FT India Balanced Fund is to provide long term growth of capital and current income by investing in equity and equity related securities and high quality fixed income instruments. The high quality fixed income securities would include AAA rated corporate debt, PSU bonds, central and state government securities and money market instruments.

C. ASSET ALLOCATION PATTERN

Under normal circumstances, the investment range would be as follows:

Instruments	Risk Profile	% of Assets
Equity and Equity related securities	Medium to High	51% - 70%
Fixed Income* and Money market instruments	Low	30% - 50%

* including high quality securitised debt up to a maximum limit of 10% of the scheme's corpus.

Within the allocation towards fixed income instruments, up to 90% may be invested in Government securities (Central / State Government) securities supported by unconditional guarantee of the respective governments.

The above percentages will be reckoned at the time of investment and the above allocation is based on a steady state situation.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

D. WHERE WILL THE SCHEME INVEST

Subject to the SEBI Regulations and the asset allocation pattern mention above for the respective scheme, the Scheme may invest in various types of instruments including, but not limited to, any of the following:

(a) Equity and Equity linked instruments of domestic companies / corporations
(b) Securities issued, guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
(c) Securities issued by any domestic government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government
(d) Domestic non-convertible securities as well as non-convertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or obligations of public sector undertakings, banks, financial institutions, corporations, companies and other bodies corporate as may be permitted by SEBI / RBI from time to time
(e) Domestic securitised debt, pass through obligations, various types of securitisation issuances such as Asset Backed Securitisation, Mortgage Backed Securitisation and so on as may be permitted by SEBI from time to time.
(f) Domestic Commercial Paper (CP), Certificate of Deposits (CD), Bills Rediscounting, CBLO, Reverse Repo, and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
(g) Domestic derivatives
(h) Deposits with domestic banks and other bodies corporate as may be permitted by SEBI from time to time
(i) Any other domestic debt and money market instruments that may be available from time to time.

Further, the schemes investing in Foreign Securities may invest in various types of instruments including, but not limited to, any of the following:

(j) Equity and Equity linked instruments of overseas companies listed on recognised stock exchanges overseas
(k) Initial and follow on public offerings for listing at recognised stock exchanges overseas
(l) ADRs / GDRs issued by Indian or foreign companies
(m) foreign debt securities (convertible or non-convertible) in the countries with fully convertible currencies
(n) overseas short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
(o) Overseas Money market instruments rated not below investment grade
(p) Overseas repos in the form of investment, where the counterparty is rated not below investment grade (repos shall not however, involve any borrowing of funds by the Scheme)
(q) Foreign government securities where the countries are rated not below investment grade
(r) Overseas derivatives traded on recognized stock exchanges overseas (currently permitted only for hedging and portfolio balancing with underlying as securities)
(s) Short term deposits with banks overseas where the issuer is rated not below investment grade
(t) Overseas Exchange Traded Funds (ETFs)
(u) units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in permitted Foreign Securities, Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets).
(v) Any other permitted overseas securities / instruments that may be available from time to time.

Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI from time to time. The securities mentioned above could be listed, unlisted, publicly offered, privately placed, secured, unsecured, rated or unrated and of varying maturity. The securities may be acquired through public offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals. The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

INVESTMENT IN FOREIGN SECURITIES

The Schemes may invest in permitted Foreign Securities and any other overseas instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.

SEBI vide its circular dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly the investments in Foreign Securities shall be made in compliance with the said circular.

The Fund has appoint a dedicated fund manager for the purpose of investment in overseas financial assets (except for investment in units/securities of overseas mutual funds/unit trusts/ETFs and such other securities/instruments as may be permitted by SEBI from time to time) as prescribed in the aforesaid SEBI circular. Service of custodian and other intermediaries/advisors of international repute will be used for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

Offshore investment will be made subject to any/ all approvals/conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25(2). They shall make a detailed analysis of risks and returns of investment in foreign securities and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities/instruments and such other types of securities/instruments as may be permitted by SEBI from time to time. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary. All investment decisions shall be recorded in accordance with SEBI circular dated July 27, 2000. Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks.

Investment in derivatives traded on recognised stock exchanges overseas shall be made only for hedging and portfolio balancing with underlying as securities. The scheme shall not invest in foreign securitised debts.

INVESTMENTS IN DERIVATIVE INSTRUMENTS

Brief note on investment in derivative instruments
As part of the Fund Management process, the Trustee may permit the use of derivative instruments such as index futures, stock futures and options contracts, warrants, convertible securities, swap agreements, Forward Rate Agreement (FRA) or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. On the fixed income side, an interest rate swap agreement from fixed rate to floating rate is an example of how derivatives can be an effective hedge for the portfolio in a rising interest rate environment.

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on Stock Exchanges whereas OTC derivative transactions are generally structured between two counterparties.

Derivatives may be high risk - high return instruments, upon leveraging. As they are highly leveraged, a small price movement in the underlying security could have a large impact on their value and may also result in a loss.

<u>Position Limits:</u>

The schemes may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The schemes may take exposure in derivatives up to a maximum of 50% of its AUM. These limits will be reviewed by the AMC from time to time.

Currently, the position limits for Mutual Funds and its schemes, as permitted by the SEBI Regulations, are as under:

The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. Exposure due to hedging positions may not be included in the above mentioned limit subject to the following:

- Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
- Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.
- Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
- The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned above.

Further, the total exposure related to option premium paid must not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Mutual Funds shall not write options or purchase instruments with embedded written options.

i. Position limit for Mutual Funds in index options contracts:

1. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be

Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts:
1. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand modified in the following manner: -

1. For stocks having applicable market-wise position limit (MWPL) of Rs.500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs.300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
2. For stocks having applicable market-wise position limit (MWPL) less than Rs.500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs.50 crore which ever is lower.

v. Position limit for each scheme of a Mutual Fund

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for a sub-account of a FII. Therefore, the scheme-wise position limit/disclosure requirements shall be –

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
   1% of the free float market capitalisation (in terms of number of shares)
   Or
   5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts)
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

<u>Valuation:</u>

- The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Stock and Index Options:

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. In India, all individual stock options are American Options, whereas all index options are European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

Strategies that employ Options:
Buying a Call Option: Let us assume that the Fund buys a call option of XYZ Ltd. with strike price of Rs. 1000, at a premium of Rs. 25. If the market price of ABC Ltd on the expiration date is more than Rs. 1000, the option will be exercised. The Fund will earn profits once the share price crosses Rs. 1025 (Strike Price + Premium i.e. 1000+25). Suppose the price of the stock is Rs. 1100, the option will be exercised and the Fund will buy 1 share of XYZ Ltd. from the seller of the option at Rs 1000 and sell it in the market at Rs. 1100, making a profit of Rs. 75. In another scenario, if on the expiration date the stock price falls below Rs. 1000, say it touches Rs. 900, the Fund will choose not to exercise the option. In this case the Fund loses the premium (Rs. 25), which will be the profit earned by the seller of the call option.

Risks:
In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Buying a Put Option: Let us assume the Fund owns the shares of XYZ Ltd, which is trading at Rs. 500. The fund wishes to hedge this position in the short-term as it perceives some downside to the stock in the short-term. It can buy a Put Option at Rs. 500 by paying a premium of say Rs, 10/- In case the stock goes down to Rs. 450/- the fund has protected its downside to only the premium i.e Rs 10 instead of Rs. 50. On the contrary if the stock moves up to say Rs. 550/- the fund may let the Option expire and forego the premium thereby capturing Rs. 40/- upside. The strategy is useful for downside protection at cost of foregoing some upside.

Risks:
In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Stock and Index Futures:
The Stock Exchange, Mumbai and the National Stock Exchange have introduced Index futures on BSE Sensex (BSE 30) and Nifty (NSE-50). Generally, three futures of 1 month, 2 months and 3 months are presently traded on these exchanges. These futures will expire on the last working Thursday of the respective month.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. Individual stock futures are also widely used derivative instruments for enhancing portfolio returns. Stock futures trade either at a premium or at discount to the spot prices, usually the level of premium reflective of the cost of carry. Many a times the stock-specific sentiments too have a bearing on Futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to clean arbitrage opportunities for a fund.

Strategies that employ Index Futures:
Illustrative list of strategies that can employ index futures:
(a) The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by existing guidelines.
(b) To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange.

In case the Nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

Risks:
- The risks associated with index futures are similar to those associated with equity investments.

Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.

Strategies that employ Stock Futures:

Sell Spot Buy Future: To illustrate, let us assume the fund holds the stock XYZ Ltd which is trading @ Rs. 100/- at the spot market. If for some reasons the stock trades at Rs. 98 in the futures, the fund may sell the stock and buy the futures. On the date of expiry, the fund may reverse the transactions (i.e. Buy Spot & Sell futures) and earn a risk-free Rs. 2/- (2% absolute) on its holdings. Since this is done without diluting the fund's view on the underlying stock, the fund will benefit from any upside move i.e. if on the date of futures expiry, the stock is trading at Rs. 110/- the futures too will be trading at Rs. 110- and the fund will capture the 10% upside the stock provided and along with it the 2% arbitrage too, thereby enhancing returns to 12%

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for schemes to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Buy Spot Sell Future: If the fund holds a stock XYZ Ltd which trades @ Rs 100/- at the spot market and is trading at Rs. 102/- in the futures market. The fund may buy the spot and sell the futures and earn the premium of Rs.2 /- which is risk-free. However this strategy can be used only when the fund is sitting in cash and is looking at enhancing the returns on the cash.

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for schemes to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Sell Future: This helps in shorting the market and taking a direct short position in the market. Futures facilitate a short position if fund manager has a bearish view in the market. A sold Futures can be re-purchased any time up to the date of its expiry. If not re-purchased, it is automatically squared off on the expiry date at Spot Rate.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Buy Future: If the fund wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Interest Rate Swaps:

The Indian markets have faced high volatility in debt and equity markets. An interest rate swap is a contractual agreement between two counter-parties to exchange streams of interest amount on a national principal basis. In this, one party agrees to pay a fixed stream of interest amount against receiving a variable or floating stream of interest amount. The variable or floating part is determined on a periodical basis.

Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

Let us look at an example of an interest rate swap:
Entity A has a Rs.20 crores, 3 month asset which is being funded through call. Entity B, on the other hand, has deployed in overnight call money market a Rs.20 crores, 3 month liability. Both the entities are taking on an interest rate risk.

To hedge against the interest rate risk, both the entities can enter into a 3 month swap agreement based on say MIBOR (Mumbai Inter Bank Offered Rate). Through this swap, entity B will receive a fixed pre agreed rate (say 8%) and pay NSE MIBOR ("the benchmark rate") which will neutralize the interest rate risk of lending in call. Similarly, entity A will neutralize its interest rate risk from call borrowing as it will pay 8% and receive interest at the benchmark rate.

Assuming the swap is for Rs.20 crores 1 September to 1 December, Entity A is a floating rate receiver at the overnight compounded rate and Entity B is a fixed rate receiver. On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

On December 1, they will calculate as explained below:

Entity A is entitled to receive daily compounded call rate for 92 days and pay 8% fixed. Entity B is entitled to receive interest on Rs.20 crores @ 8% i.e. Rs.40.33 lakhs, and pay the compounded benchmark rate.

Thus on December 1, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.40.33 lakhs, entity B will pay entity A the difference and vice versa.

Forward Rate Agreement (FRA)
A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example: Let us assume that a scheme has an investment of Rs.10 crore in an instrument that pays interest linked to NSE Mibor. Since the NSE Mibor would vary daily, the scheme is running interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the scheme could do an IRS where it receives a fixed rate (assume 10%) for the next 5 days on the notional amount of Rs. 10 crore and pay a floating rate (NSE Mibor). In doing this, the scheme would effectively lock itself into a fixed rate of 10% for the next five days. The steps would be:

1. The scheme enters into an IRS on Rs. 10 crore from December 1, 2001 to December 6, 2001. It receives a fixed rate of interest at 10% and the counter party receives the floating rate (NSE Mibor). The scheme and the counter party exchange a contract of having entered into this IRS.
2. On a daily basis, the NSE Mibor will be tracked by the counterparties to determine the floating rate payable by the scheme.
3. On December 6, 2001, the counterparties will calculate the following:
    - The scheme will receive interest on Rs. 10 crore at 10% p.a. for 5 days i.e. Rs.1,36,986/-
    - The scheme will pay the compounded NSE Mibor for 5 days by converting its floating rate asset into a fixed rate through the IRS.
    - If the total interest on the compounded NSE Mibor rate is lower than Rs. 1,36,986/-, the scheme will receive the difference from the counterparty and vice-versa. In case the interest on compounded NSE Mibor is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

Risks:
Interest rate swaps and FRA require the maintenance of adequate controls to monitor the transactions entered into, the ability to asses the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honour its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.

As is clear from the above examples, engaging in derivatives has the potential to help the scheme in minimising the portfolio risk and/or improve the overall portfolio returns.

Please note these examples are hypothetical in nature and are given for illustration purposes only. The actual returns may vary depending on the market conditions.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

SECURITIES LENDING

If permitted by SEBI under extant regulations/guidelines, the Scheme may also engage in scrip lending as provided under Securities Lending scheme 1997, and other applicable guidelines/regulations. Scrip lending means lending a security to another person or entity for a fixed period of time, at a negotiated compensation. The security lent will be returned by the borrower on expiry of the stipulated period.

The AMC will comply with the required reporting obligations and the Trustee will carry out the reviews required under SEBI/RBI guidelines. Further a maximum of 40% of net assets will be deployed in securities lending and the maximum single party exposure will be restricted to 10% of net assets outstanding at any point of time.

Engaging in scrip lending is subject to risks related to fluctuations in the collateral value / settlement / liquidity / counter party.

SHORT SELLING OF SECURITIES

If permitted by SEBI Regulations, the Scheme may engage in short selling of securities in accordance with the guidelines issued by SEBI. Short sale of securities means selling of securities without owning them. The AMC will comply with the guidelines issued by SEBI in this behalf, including reporting obligations and the Trustee will carry out the reviews required under said guidelines.

Engaging in short sale of securities is subject to risks related to fluctuations in market price, and settlement/ liquidity risks.

OVERVIEW OF DEBT MARKET (applicable to FTIBF)

The Indian debt markets are one of the largest markets in Asia. Government and Public Sector enterprises are predominant borrowers in the market. While interest rates were regulated till a few years back, there has been a rapid deregulation and currently both the lending and deposit rates are market determined.

The bond markets are developing fast with the rapid introduction of new instruments including derivatives. Foreign Institutional Investors are also allowed to invest in Indian debt markets now. The trading volume in the market ranges between Rs.4,000 crores to Rs.10,000 crores, of which about 90% comprises of the government securities.

The various debt instruments currently available for investments are:

Instruments	Current Yields*	Liquidity
Central/State Government securities	8.10% - 8.58%	Very high
PSU Bonds/Corporate debentures	8.00% - 9.80%	Medium – High
Securitised debt	9.75% - 11.50%	Low – Medium
Commercial Papers/Certificate of deposits	8.50% - 11.90%	High
Call/Notice Money	7.25% - 7.50%	Very high
Repo / CBLO	7.00% - 7.30%	Very high

*Yields as of June 2011.

The actual yields will, however, vary in line with general levels of interest rates and debt/money market conditions prevailing from time to time.

E. INVESTMENT STRATEGY

Franklin India Bluechip Fund

The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of stocks which have a large market capitalization and are liquid. Large capitalization stocks are generally defined as stocks whose market cap is higher than that of hundredth stock in the CNX500 Index.

Templeton India Growth Fund

The stock selection would generally be based on constructing a diversified portfolio generally of large capitalised and/or liquid stocks. In general, the methodology adopted by TIGF is based on the bottom up value investing approach.

Templeton India Equity Income Fund

The stock selection for TIEIF would generally be based on constructing a diversified portfolio in line with the investment objectives. Since TIEIF seeks to look at current or potentially attractive dividend yield, as one of the major parameters to meet its investment objectives, TIEIF would look at that parameter while making investment decisions.

Franklin India Prima Fund

The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of primarily mid and small cap stocks. Mid & Small cap stocks are defined as companies whose market cap is less than the hundredth stock in CNX500 Index.

Franklin India Prima Plus

The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose wealth creating companies across sectors. The scheme will invest in diversified portfolio of primarily large cap stocks, with a marginal small/mid cap exposure.

Franklin India Flexi Cap Fund

The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest in diversified portfolio of stocks across sectors and market capitalisation. Its exposure to Large cap vs Mid / Small cap stocks varies depending on relative value and risk/return profile of the sub-segments.

Franklin India High Growth Companies Fund

FIHGCF is an open-end diversified equity fund that seeks to achieve capital appreciation through investments in Indian companies/sectors with high growth rates or potential (i.e. high growth stocks and sectors witnessing above average growth depending on prospects available at various points in time). The fund managers will follow an active investment strategy and will be focussing on rapid growth companies (or sectors), which will be selected based on growth measures such as Enterprise Value/EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)/growth rate, price/earnings/growth, forward price/sales, and discounted EPS (Earning per Share). The fund will also combine bottom-up stock selection with top down industry themes to identify stocks/sectors exhibiting above average growth or high potential and the investment style would be as follows -

- Primary focus will be to identify ‘high growth’ companies, especially in sectors witnessing above-average growth.
- Blend of top-down (macro analysis to identify sectors) and bottom-up approach (micro analysis to pick stocks within these sectors)
- Shifts between companies and sectors to be identified based on relative valuations, liquidity and growth potential

Franklin India Opportunities Fund

The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest in a broad range of stocks without any limitation either qualitative or quantitative and across market capitalization. The scheme takes concentrated stock exposure based on four themes – (a) Companies that operate in the space where India has a strong advantage (b) Globally competitive Indian companies that have the potential to participate in global opportunities as well (c) Companies that are under valued (d) Companies that are best positioned to take advantage of the opportunities thrown up by the growing domestic economy.

Franklin India Index Fund
The scheme is a passively managed index fund replicating composition of BSE Sensex and S&P CNX Nifty indices.

Franklin Infotech Fund
The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest primarily in stock of companies operating in information technology sector.

Franklin India Taxshield
The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest in diversified portfolio of stocks across sectors and market capitalisation.

Franklin Asian Equity Fund:
The Scheme will primarily be a diversified equity fund which will seek to invest in undervalued companies in Indian and international markets to generate long-term capital appreciation. The investment approach is bottom up stock picking. The Scheme seeks to invest in the best opportunities in the Indian and international markets, without any sector/cap bias. However, the fund managers expect to have a high focus on opportunities in Asia Pacific (ex-Japan) region including India. A limited exposure to various equity derivatives instruments is likely. The fund managers will adopt a combination of top-down (macro analysis to identify sectors) and bottom-up (micro analysis to pick stocks within these sectors) approach, with an emphasis on first-hand research. They will favour companies that offer the best value relative to their respective long-term growth prospects, returns in capital and management quality. The dedicated fund manager who is assisting the Principal Fund Manager would carryout the research on foreign securities and send an approved list of international securities/stocks once a week having following details: Name of the Company, Sector, Place of Issue, Type of security, Maximum weightage, price range. The trades would be placed by the Principal Fund Manager or any other member of the team authorised for that purpose in accordance with the approved list and for the period contemplated in the approved list. Further the trades would be executed by Global Equity Trading Team network, which also includes equity trading function based in Chennai (India).
The holdings, asset allocation, and performance of the schemes are presented to the boards of AMC/Trustee at frequent intervals. Investment in securities from a scheme's corpus would be only in transferable securities in accordance with Regulation 43 of Chapter VI of SEBI (Mutual Funds) Regulations, 1996 (including any modifications thereto). The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time. Investments in Foreign Securities shall be subject to the investment restrictions specified by SEBI/RBI from time to time. Further, the fund manager will consider relevant risk before making any investment in Foreign Securities.

Franklin Build India Fund
FBIF is an open-end equity fund which seeks to achieve capital appreciation through investments in companies engaged either directly or indirectly in infrastructure-related activities. Broadly defined, infrastructure-related activities include development, operations, management and maintenance of various infrastructures such as Transportation, Energy, Resources, Communication and other infrastructure. Primarily, the scheme would invest in companies within the following areas/sectors of the economy:

- Airports & related services
- Banking & other related financial services
- Cement & cement products
- Communication materials and equipments
- Construction, construction materials & equipments
- Dams
- Electrical & electronic equipments, components & products
- Energy including Coal, Oil & Gas, Power, Petroleum, Pipelines
- Engineering
- Industrial and Capital goods / products
- Irrigation, Water Supply projects, Water Management Services
- Transportation, Logistics, warehouse, cold storage
- Metals and Minerals
- Mining
- Ports
- Power generation, distribution & transmission and Power equipments & products

- Road, Bridges, Railways, Civil Aviation and Inland Waterways
- Docks, shipping, Ship building & repairs
- Telecommunication – basic & cellular services and tower, radio, satellite and other wireless communication, cable & Fibre networking, equipment manufactures, internet and broadband services etc.
- Water treatment, Sanitation, Sewerage Systems, Solid Waste management
- Infrastructure including industrial, software/IT, housing & commercial infrastructure, healthcare, education, social infrastructure - recreational parks, hospitality etc.

The fund will follow a bottom-up approach to stock-picking and choose the best companies across sectors.

The above list is only indicative and the Fund Manager will have the discretion to invest in any or all those sectors / areas which are either directly or indirectly related to the infrastructure growth / development of the Indian economy.

Franklin India Smaller Companies Fund
FISCF is an open end diversified equity fund designed for those investors who seek exposure to an equity product that can take advantage of the opportunities available in the mid and small cap space. The fund shall invest at least 75% of its corpus in equity and equity related securities of those Smaller Companies, which has a market capitalisation below that of the 100th stock in S&P CNX 500 Index, with the index constituents ranked in terms of market capitalisation and may or may not be a company forming part of the S&P CNX 500. The universe would also include those companies coming out with fresh issuance IPO and whose post issue market cap (based on issue price) would fall under above-mentioned criteria. The remaining portion of the portfolio will be invested in equity and equity related securities of any company, which has market capitalisation of the 100th stock and above in S&P CNX 500 and may or may not be a company forming part of the S&P CNX 500 index and in the opinion of the fund manager have attractive growth prospects and potential to outperform the broad market indices. The overall investment strategy of FISCF will be in line with the FT Equity (India) style of equity investing.

FT India Balanced Fund
The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The equity portion of the scheme will invest in diversified portfolio of stocks with predominant exposure to Large caps. The debt portion of the scheme will be invested in high quality fixed income instruments.

F. FUNDAMENTAL ATTRIBUTES

Please note that the following are the fundamental attributes of the respective scheme:

- **Type of scheme** – Please refer to the section "Name & Type of the Scheme".
- **Investment objective** – Please refer to the section "Investment Objectives and Policies".
- **Investment pattern, minimum and maximum asset allocation. -** Please refer to the section "Asset Allocation Pattern". The fund retains the option to alter the asset allocation on a short-term basis in the interest of unitholders on defensive considerations.
- **Liquidity provisions such as repurchase or redemption** – Please refer to the section 'Units and Offer'.
- **Aggregate fees and expenses charged to the scheme** - Please refer to the section 'Fees and Expenses of the Scheme'.
- **Any Safety Net of Guarantee provided** – None.

In accordance with Regulation 18(15A), the Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless, -

i a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nation wide circulation as well as a newspaper published in the language of the region where the head office of the mutual fund is situated; and

ii the unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. BENCHMARK

The Mutual Fund has identified the following as the benchmark for the schemes:

Scheme Name	Benchmark	Justification
Franklin India Bluechip Fund	BSE Sensex	The fund invests primarily in large cap stocks and BSE Sensex is the appropriate benchmark index.
Templeton India Growth Fund	BSE Sensex and MSCI India Value	The fund invests predominantly in large cap stocks and is managed using Value Style of investing. Hence, BSE Sensex and MSCI India Value were chosen
Templeton India Equity Income Fund	BSE 200	The fund invests in Indian and emerging market stocks across sectors that are attractive from a dividend yields perspective. As there is no appropriate benchmark for such a composition, we have used BSE 200 as the benchmark
Franklin India Prima Fund	S&P CNX 500	The fund invests in mid and small cap stocks and as there is no appropriate benchmark with data covering the fund's history, S&P CNX 500 has been its benchmark since inception.
Franklin India Prima Plus	S&P CNX 500	The fund invests predominantly in large cap stocks and takes marginal exposure to mid/small cap stocks. Hence, S&P CNX 500 is the ideal benchmark.
Franklin India Flexi Cap Fund	S&P CNX 500	The fund invests in companies across market capitalization and sectors. Hence, S&P CNX 500 is the ideal benchmark.
Franklin India High Growth Companies Fund	S&P CNX 500	The fund invests in companies with high growth potential across sectors and across market cap ranges, hence S&P CNX 500 is the ideal benchmark.
Franklin India Opportunities Fund	BSE 200	The fund invests across sectors and takes concentrated stock/sector exposures. Hence, BSE 200 is the ideal benchmark.
Franklin India Index Fund • NSE Nifty Plan • BSE Sensex Plan	• S&P CNX Nifty • BSE Sensex	• The fund is an index fund and invests in NSE Nifty and S&P CNX Nifty is the ideal benchmark. • The fund is an index fund and invests in BSE Sensex index and BSE Sensex is the ideal benchmark.
Franklin Infotech Fund	BSE IT Index	BSE IT index was chosen given the fund's focus on information technology sector
Franklin India Taxshield	S&P CNX 500	The ELSS fund invests across market cap and sectors and S&P CNX 500 is the ideal benchmark.
Franklin Asian Equity Fund	MSCI Asia (ex Japan) Standard Index	The fund invests in Asian companies / sectors (excluding Japan), hence MSCI Asia (ex Japan Standard Index is the ideal benchmark.
Franklin Build India Fund	S&P CNX 500	The fund invests in various sectors such as infrastructure, resources, financial services, social development & agricultural and across market cap ranges, hence S&P CNX 500 is the ideal benchmark.
Franklin India Smaller Companies Fund	CNX Midcap	Since the Scheme primarily invests in mid and small cap stocks, 'CNX Midcap' is the ideal benchmark.
FT India Balanced Fund	Crisil Balanced Fund Index	As the fund invests atleast 65% in equities across the market capitalization range and the remaining in debt instruments, Crisil Balanced Fund Index is the ideal benchmark.

The AMC / Trustee reserve the right to change / modify the benchmark by issuing an addendum.

H. WHO MANAGES THE SCHEME

Scheme Name	Fund Manager(s)
Franklin India Bluechip Fund	Anand Radhakrishnan / Anand Vasudevan
Templeton India Growth Fund	Dr. J. Mark Mobius is the principal Portfolio Manager for the Scheme. His team includes Investment Analysts, Chetan Sehgal based in Mumbai, India.
Templeton India Equity Income Fund	Dr. Mark Mobius assisted by Chetan Sehgal and Vikas Chiranewal
Franklin India Prima Fund	R. Janakiraman / K. N. Sivasubramanian
Franklin India Prima Plus	Anand Radhakrishnan / R. Janakiraman
Franklin India Flexi Cap Fund	K. N. Sivasubramanian / Anand Vasudevan
Franklin India High Growth Companies Fund	K. N. Siva Subramanian / Anand Radhakrishnan
Franklin India Opportunities Fund	Chakri Lokapriya / Anil Prabhudas
Franklin India Index Fund	Anil Prabhudas
Franklin Infotech Fund	Anand Radhakrishnan
Franklin India Taxshield	Anand Radhakrishnan / Anil Prabhudas
Franklin Asian Equity Fund	R. Sukumar / Roshi Jain
Franklin Build India Fund	Anand Radhakrishnan / Roshi Jain
Franklin India Smaller Companies Fund	R. Janakiraman / K. N. Sivasubramanian
FT India Balanced Fund	Anand Radhakrishnan / Anil Prabhudas (Equity) Sachin Padwal-Desai and Umesh Sharma (Debt)

Vikas Chiranewal has been dedicated for making investments in Foreign Securities for Templeton Equity Team (currently Templeton India Equity Income fund). Murali Krishna Yerram and Rajat Malhotra have been has been dedicated for making investments in Foreign Securities for Franklin Equity Team (currently Franklin Asian Equity Fund, Franklin India Bluechip Fund, Franklin India Prima Fund, Franklin India Prima Plus, Franklin India Flexi Cap Fund, Franklin India Opportunities Fund, Franklin India High Growth Companies Fund, Franklin Infotech Fund, Franklin India Index Fund, Franklin Build India Fund and Franklin India Smaller Companies Fund).

Franklin Equity Team:

Name	Age (years)	Qualifications	Functions & Experience
R. Sukumar Total Experience: 22 years	46	B.E (Univ. of Roorkee); PGDM (IIM Bangalore)	**Managing Director and Chief Investment Officer – Asian Equity** (based at Chennai) He is responsible for overseeing Franklin Equity Funds. He manages FAEF. Prior assignments: • Vice President and Fund Manager - Pioneer ITI AMC Ltd. (1994-2002) • Asst. Vice President - Indbank Merchant Banking Services Ltd. (1990-1994) advising Indian Opportunities Fund • Decision Support Systems Group, Tata Steel (1986 – 1988)
K. N. Siva Subramanian Total Experience: 22 years	49	BE (REC Jaipur); PGDM (IIM Calcutta)	**Chief Investment Officer – Franklin Equity (India)** (Based at Chennai) He will be responsible for overseeing Franklin Equity Team's local India funds. He is a co-fund manager for FIPF, FIHGCF, FISCF & FIFCF. Prior assignments: • Vice President and Fund Manager – Pioneer ITI AMC Ltd. (1993 – 2002) • Industrial Finance Officer, Industrial Development Bank of India (1988 – 1993)
Anand Radhakrishnan Total Experience: 16 years	42	CFA, PGDM (IIM) B.Tech.	**Senior Vice President and Portfolio Manager** (based at Chennai) He manages FIF, FPF & FTDPEF. He is also a co-fund manager for FIBCF, FIT, FIPP, FBIF, FIHGCF and Equity portfolios of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCOPF, FTFTF Series & FTLF.

Name	Age (years)	Qualifications	Functions & Experience
			Prior assignments: • 2004-2006, Fund Manager for the Portfolio Management Services of the AMC. • 1996-2004, Fund Manager – Sundaram Asset Management Ltd. • 1994-1996, Deputy Manager, Portfolio Manager of Asian Convertible and Income Fund – SBI Funds Management Ltd.
Anand Vasudevan Total Experience: 18 years	45	B.Tech. (IIT-Madras), P.G.D.M. (IIM-Calcutta)	**Senior Vice President and Portfolio Manager** (based at Chennai) He is a co-fund manager for FIBCF & FIFCF. Prior assignments: • He joined Franklin Templeton in January 2007 and is also the Head of Research since February 2008. • Equity Research Analyst - Keefe, Bruyette & Woods Ltd, London (2004-2006), covering European Insurance Sector. • Equity Research Analyst - Dresdner Kleinwort Wasserstein (2001-2004), covering European Insurance & Asset Management Sectors.
Chakri Lokapriya Total Experience: 14 years	44	B.A., M.B.A.	**Vice President and Portfolio Manager** (based at Chennai) He is a co – fund manager of FIOF. Also responsible for undertaking equity research. Prior assignments: • Head of India Equities & Portfolio Manager, BNP Paribas Asset Management UK Ltd. (2003-2008), responsible for managing Fund portfolios. • Investment Director & Portfolio Manager, PCE Ltd. (Prinvex, PrimeMedRx), London (1999-2002), responsible for managing Fund portfolios. • Equity Analyst, JP Morgan Securities, New York (1997-1999), undertook stock analysis.
Roshi Jain Total Experience: 10 years	33	CFA, PGDM, ACA	**Vice President** (based at Chennai) She is a co-fund manager for FAEF & FBIF. Also responsible for Equity Research (since May 2005), identifying investment opportunities in capital goods, retail, textiles & transportation sector. Prior assignment: • Goldman Sachs, London (2004–2005). Responsible for Equity Research, researched European building material stocks. • Goldman Sachs, Singapore / HK (2002–2004). Responsible for Equity Research, researched Asian retail stocks • Wipro Ltd. (1999–2000). Responsible for Internal Audit, Internal audit of processes & transactions • S. R. Batliboi & Co. (1999). Responsible for Statutory audit of corporates.
R Janakiraman Total experience: 13 years	39	B.E., PGDBM	**Vice President and Portfolio Manager** (based at Chennai) He is a Co-fund manager of FIPP, FIPF, FISCF. Also responsible for providing equity research support (since May 2007). *Prior assignments:* • Investment Manager, Indian Syntans Invt Pvt. Ltd. (2000-2007). Responsible for investment analysis and managing the investments of the company. • Citicorp Information Tech Ltd. (Nov 1999–Feb 2000). Provided domain knowledge to CITIL's software development team.

Name	Age (years)	Qualifications	Functions & Experience
			• Senior Executive. UTI Securities Exchange Ltd. (1997–1999). Responsible for investment research of certain industrial sectors & later was part of the team responsible for equity sales function.
Anil Prabhudas Total Experience: 21 years	49	CA	**Assistant Vice President and Portfolio Manager** (based at Chennai) He manages FFF, FIIF & FITF. He is also a co – fund manager of FIOF, FIT and Equity portfolios of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCPOF & FTFTF Series. He also provides Research support on Oil & Gas, Petrochemicals, Engineering, Power and Hotel sectors. Prior assignments: • Asst. Vice President – Investments – Pioneer ITI AMC Ltd. (Since 1993) • Petrosil Oil Co. Ltd. • L. U. Krishnan & Co.
Murali Krishna Yerram Total experience: 10 years	34	B.Tech., M.B.A.	**Assistant Vice President and Portfolio Manager** (based at Chennai) He is dedicated co - Fund Manager for investment in Foreign Securities for Franklin Equity Team. Also responsible for undertaking equity research. *Prior assignments:* • Summer Intern, D. B Zwirn & Co. (2006), involved in research and originate pair trade ideas in multiple sectors in Indian markets • Assistant Manager, Deloitte Consulting India Pvt. Ltd. (2003-2005), responsible for managing the infrastructure team responsible for hosting of multiple Siebel CRM instances • Associate Consultant, Infosys Technologies (2002-2003), undertook functional design and implementation of CRM packages • Senior Software Engineer, Satyam Computers (1998-2001), undertook Coding and Design of Software Applications
Rajat Malhotra Total experience: 6 years	30	Masters in Computational Finance (USA), Bachelors of Computing (Computer Science) (NUS-Singapore)	**Assistant Vice President and Portfolio Manager** (based at Chennai) He is dedicated co - Fund Manager for investment in Foreign Securities for Franklin Equity Team. He also undertakes equity research since June 2008. *Prior assignments:* • Fund Manager - PMS, Franklin Templeton Asset Management (India) Pvt. Ltd. (2009-2010). • Investment Intern - Temasek Holdings, Singapore (2007), undertook investment research and due diligence. • Part-time/Intern - Singapore Stock Exchange, Singapore (2005-2006), involved in Corporate Strategy. • Analyst - Comsoft Pvt. Ltd., Singapore (2004-2005), undertook Programming & Project Management. • Analyst - National Computer Systems, Singapore (2003-2004), undertook Programming & Project Management.

Templeton Equity Team:

Name	Age (years)	Qualifications	Functions & Experience
Chetan Sehgal Total Experience: 17 years	42	B.E. (Mech), PGDBA (IIM-Bangalore),	**Chief Investment Officer / India - Templeton Emerging Markets** and is part of the team managing TIGF & TIEIF (based at Mumbai)

Name	Age (years)	Qualifications	Functions & Experience
		CFA	• He joined Templeton in 1995 as Investment Analyst with the emerging markets group and is currently a Portfolio Manager. • As a Portfolio Manager and Analyst, Chetan analyses stocks across a wide gamut of sectors, industries and geographies within the emerging markets group which invests in about 40 countries under the direct supervision of Dr. Mark Mobius. • Before joining Templeton, he had a 3-year stint at CRISIL, India's largest rating agency currently affiliated with Standard & Poor. He has experience in rating corporate securities across various industries and was also involved in structuring debt instruments including securitisation assignments.
Vikas Chiranewal Total Experience: 7 Years	30	B.Com.(Hons), PGDM(IIM,Lucknow), CFA(USA)	**Vice President – Templeton Emerging Markets** (based at Mumbai) He is responsible for investments in ADRs/GDRs/ Foreign Securities and overseas ETFs (for Templeton Equity Team), Research for the Emerging Markets Group and related activities. Prior assignment: • Manager, Morgan Stanley Advantage Services Pvt. Ltd. (April 2004 – January 2006). Handled Equity Research for US listed REITS. • Junior Information Analyst, McKinsey Knowledge Center Pvt. Ltd. (June 2001 – June 2002). He was part of Research team for Consulting Assignments.

Fixed Income/ Debt Team:

Name	Age (years)	Qualifications	Functions & Experience
Sachin Padwal-Desai Total Experience: 13 years	38	B.E., PGDM (IIM-Banglore)	**Vice President - Fixed Income** (based at Mumbai). **Schemes managed:** He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF, TITMA, TFIF & TIUBF and Debt portions of FTIMIP, FTIBF, TIPP, TICAP & FTLF. Prior assignments: • ICICI Bank Ltd - Balance sheet Management, Interest rate risk management, SLR maintenance, liquidity management • Infosys Technologies Ltd – Software Engineer • Thermax Ltd – Designing, testing and approval of weldments on boilers and other pressure vessels.
Umesh Sharma Total Experience: 11 years	34	B.Com., C.A., C.S., C.F.A.	**Vice President - Fixed Income** (based at Mumbai). **Schemes managed:** He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF & TICMA and Debt portions of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCOPF & FTFTF Series. Prior assignments: • Portfolio Manager - Fixed Income, Religare Mutual Fund (2008-2010), responsible for managing fixed income bond portfolios • Portfolio Manager- Fixed Income, Lotus India Mutual Fund (2006-2008), responsible for managing fixed income bond portfolios. • Chief Manager, ICICI Bank (2005-2006), undertook analysing of investment opportunities in international USD bonds. • Manager – Fixed Income, JM Financial Mutual Fund

			(2003-2005), undertook macro research in order to gauge interest rate trends & credit research. • Primary Dealer, UTI Mutual Fund (2000-2003), involved in analyzing and recommending investments in debt and equity.

I. INVESTMENT RESTRICTIONS

In pursuance of the Regulations, the following restrictions are currently applicable to the scheme:

1. Investment in securities from the scheme's corpus would be only in transferable securities in accordance with Regulation 43 of Chapter VI of SEBI [Mutual Funds] Regulations, 1996.
2. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities; provided that the Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI; provided further that the Scheme may enter into derivatives transactions in a recognised stock exchange, subject to the framework specified by SEBI; provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
3. The Mutual Fund shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long term nature.
4. No investment shall be made in any Fund of Funds scheme.
5. The mutual fund shall not advance any loans for any purpose.
6. The Scheme may invest in any other scheme (with similar investment objectives in case of FIBCF, TIEIF, FIPF, FIPP, FIFCF, FIOF, FIF, FIT, FISCF and FTIBF) without charging any fees, provided that aggregate interscheme investment made by all schemes under the management of Franklin Templeton Asset Management (India) Private Limited or in schemes under the management of any other AMC shall not exceed 5% of the net asset value of the mutual fund.
7. Franklin Templeton Mutual Fund, under all its schemes shall not own more than 10% of any company's voting rights.
8. The scheme can invest a maximum of 5% of the net assets in unlisted equity and equity related instruments. The exit route in such cases is usually through an offer to the public at a later date.
9. The scheme shall not invest more than 10% of its net assets in the equity or equity related instruments of any company.
10. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV with prior approval of the Trustees and Board of the AMC, provided that such limit shall not be applicable for investment in government securities and money market instruments. Further, investment within such limit can be made in mortgage backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.
11. The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investment shall be made with the prior approval of the Trustee and the Board of the AMC.
12. No mutual fund scheme shall invest more than 30% of its net assets in money market instruments of an issuer; provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralised borrowing and lending obligations.
13. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of Seventh Schedule to SEBI Regulations.
14. In terms of SEBI Circulars dated September 26, 2007 each mutual fund is currently permitted to invest up to US$300 million irrespective of the size of the assets. The ceiling for investment in overseas ETFs that invest in securities is US$ 50 million per mutual fund.

    Currently, the mutual funds can invest in ADRs/GDRs issued by Indian or foreign companies, equity of overseas companies listed on recognised stock exchanges overseas, Initial and follow on public offerings for listing at recognized stock exchanges overseas, foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos in the form of investment, where the counterparty is rated not below investment grade (repos should not however, involve any borrowing of funds by mutual funds), Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade and Overseas Exchange Traded Funds (ETFs) that invest in securities. The mutual funds can also invest in the units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets). The restriction on the investments in mutual fund units up to 5% of net assets and prohibition on charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Guidelines. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

15. Transfers of investments from one Franklin Templeton Mutual Fund scheme to another will be done as follows:
    - such transfers will be done at the prevailing market price for quoted instruments on spot basis.
    - the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
16. No investment shall be made in
    - any unlisted security of an associate or group company of the sponsor; or
    - any security issued by way of private placement by an associate or group company of the sponsor; or
    - the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
17. Pending deployment of funds in securities in terms of investment objectives of the Scheme, the Mutual Fund can invest the funds of the scheme in short term deposits of scheduled commercial banks in line with SEBI Circular dated April 16, 2007.
18. The scheme may consider investment in other financial market investments as per guidelines issued by the Central Government/SEBI/RBI from time to time.

The AMC/Trustee may alter these investment restrictions from time to time to the extent SEBI regulations/applicable rules change/permit so as to achieve the investment objective of the scheme. Such alterations will be made in conformity with SEBI regulations.

The investment restrictions specified as a percentage of net assets will be computed at the time of making the investment and it is clarified that changes need not be effected, merely by reason of appreciation or depreciation in value or by reason of factors beyond the control of the scheme (such as receipt of any corporate or capital benefits or amalgamations). In case the limits are exceeded due to reasons beyond its control, the AMC shall adopt necessary measures of prudence to reset the situation having regard to the interest of the investors.

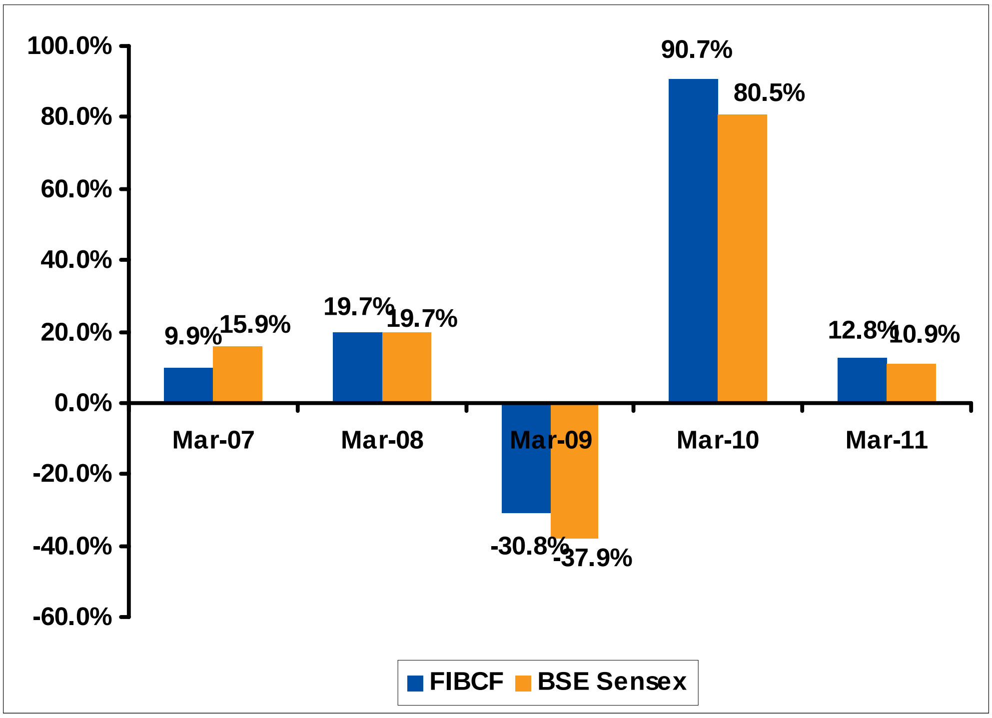
J. HOW HAS THE SCHEME PERFORMED

FIBCF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIBCF	13.08%	11.83%	15.95%	25.22%
BSE Sensex	9.20%	4.07%	12.21%	10.36%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: December 01, 1993.

Absolute Returns for last 5 financial years:

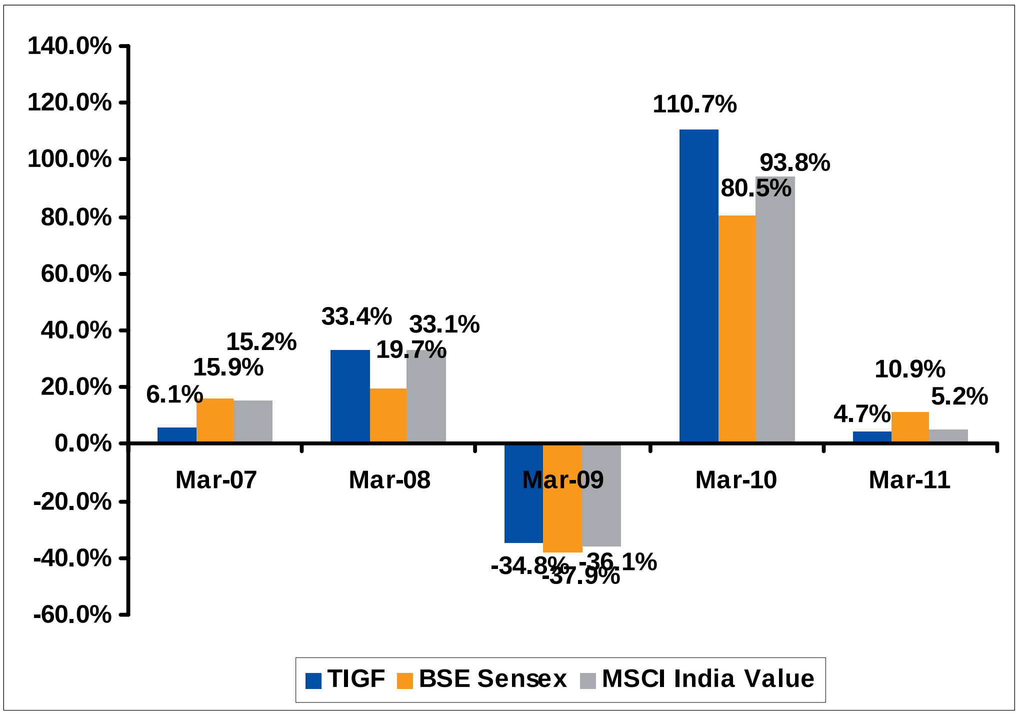


TIGF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TIGF	6.50%	8.52%	16.79%	19.10%
BSE Sensex	9.20%	4.07%	12.21%	12.11%
MSCI India Value	4.66%	6.67%	15.15%	N.A

Returns based on Dividend Plan NAV of May 31, 2011. Inception date: September 10, 1996. Growth Plan was introduced in the scheme w.e.f. September 05, 2003 and hence, returns are calculated based on Dividend Plan.

Absolute Returns for last 5 financial years:

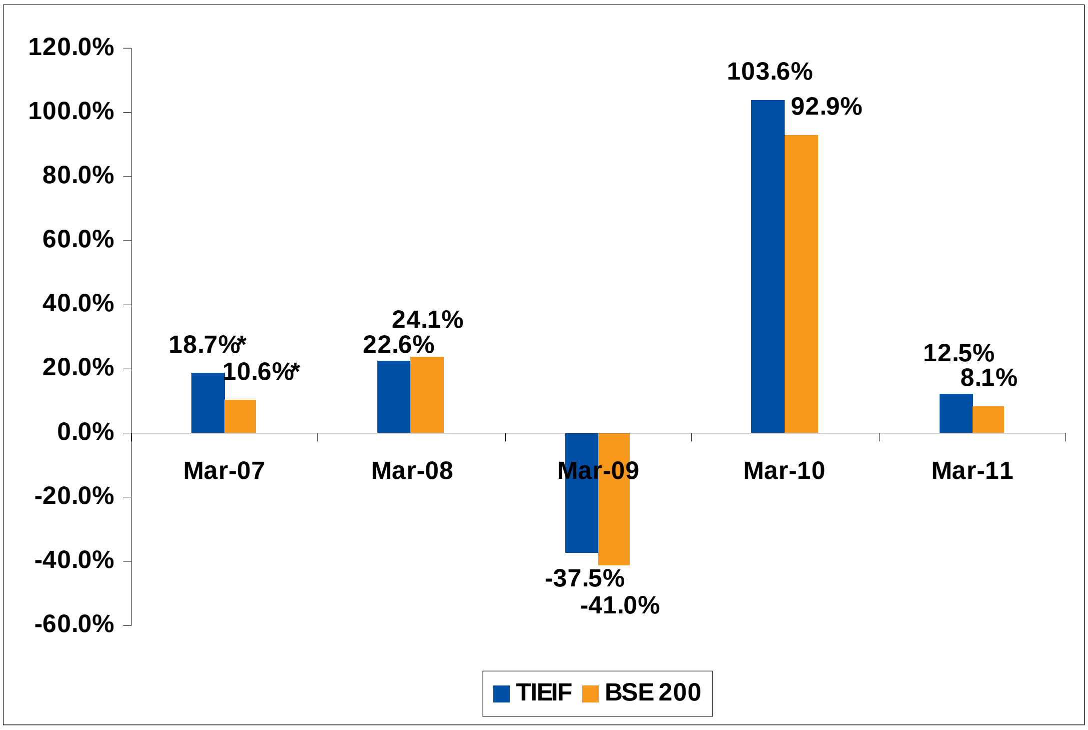


TIEIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TIEIF	18.12%	8.22%	16.81%	15.60%
BSE 200	6.94%	4.13%	12.27%	10.25%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: May 18, 2006.

Absolute Returns for last 5 financial years:

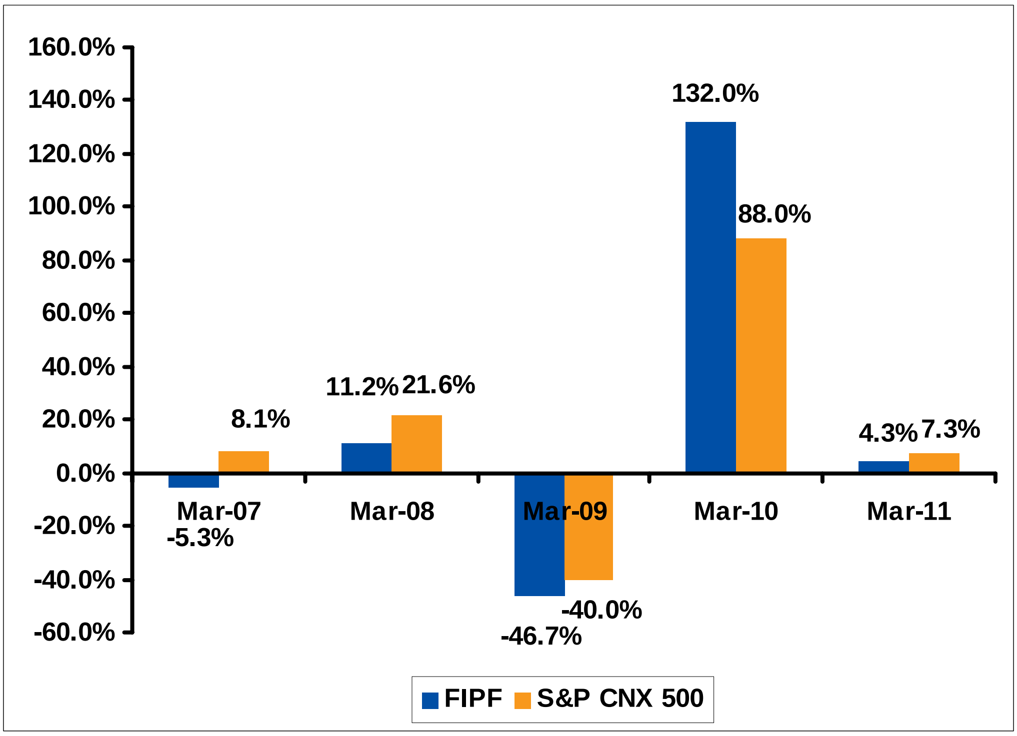


FIPF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIPF	9.41%	9.52%	8.83%	20.82%
S&P CNX 500	6.30%	4.30%	11.25%	10.02%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: December 01, 1993.

Absolute Returns for last 5 financial years:

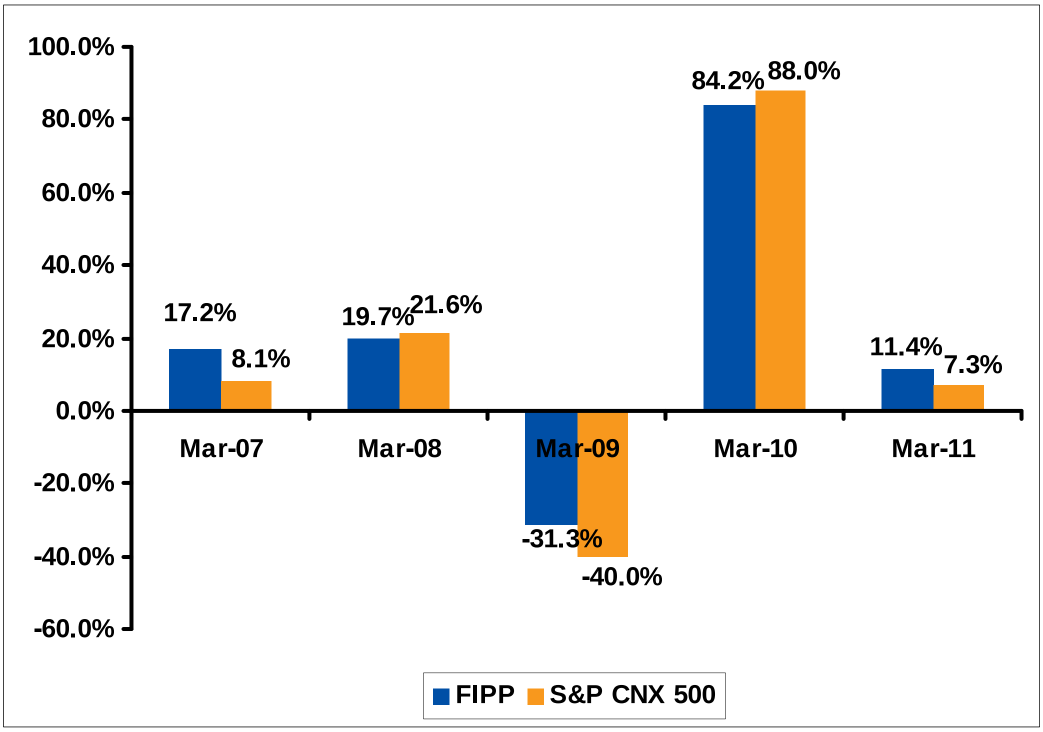


FIPP

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIPP	14.96%	9.81%	16.58%	20.41%
S&P CNX 500	6.30%	4.30%	11.25%	8.87%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: September 29, 1994.

Absolute Returns for last 5 financial years:

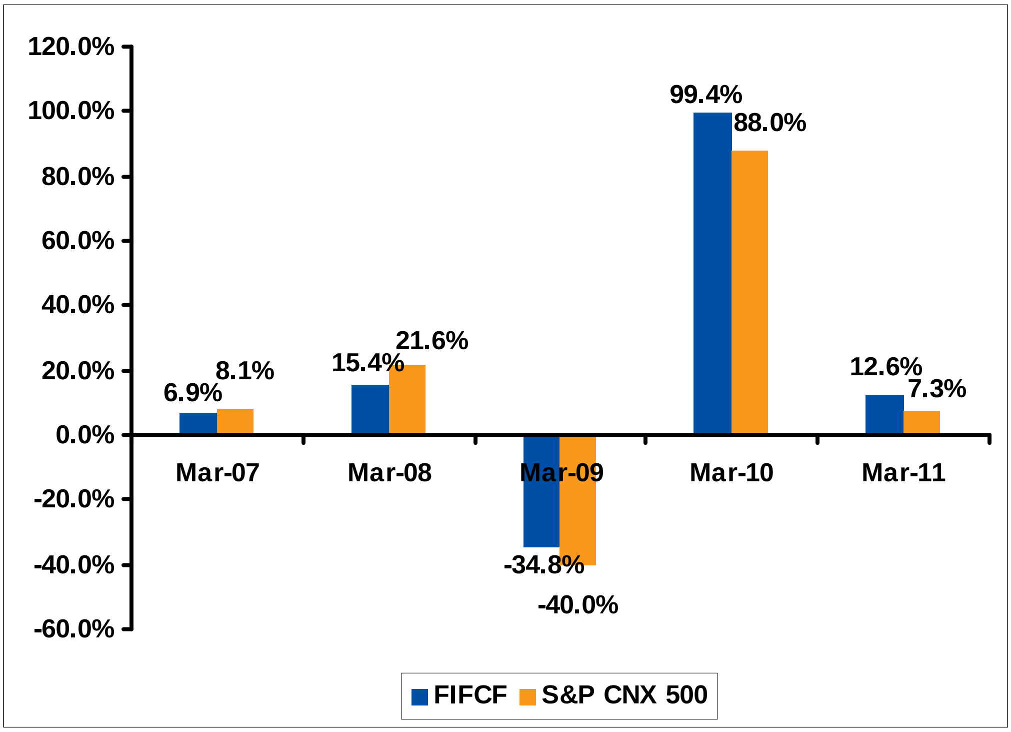


FIFCF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIFCF	14.23%	11.27%	13.97%	20.77%
S&P CNX 500	6.30%	4.30%	11.25%	15.50%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: March 02, 2005.

Absolute Returns for last 5 financial years:

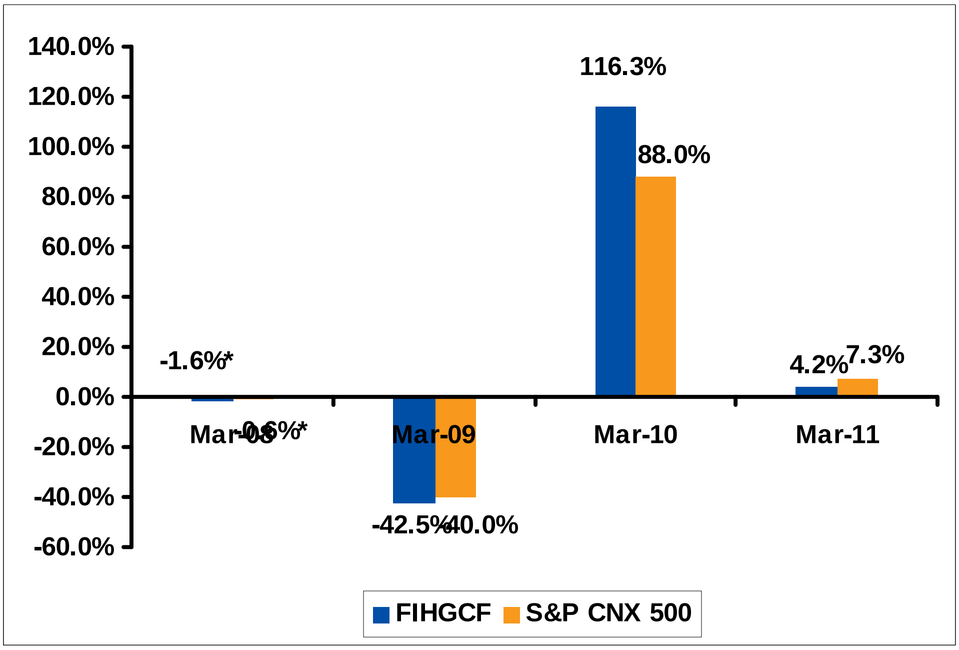


FIHGCF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIHGCF	10.65%	8.48%	N. A.	6.58%
S&P CNX 500	6.30%	4.30%	N. A.	4.10%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: July 26, 2007.

Absolute Returns for last 5 financial years:

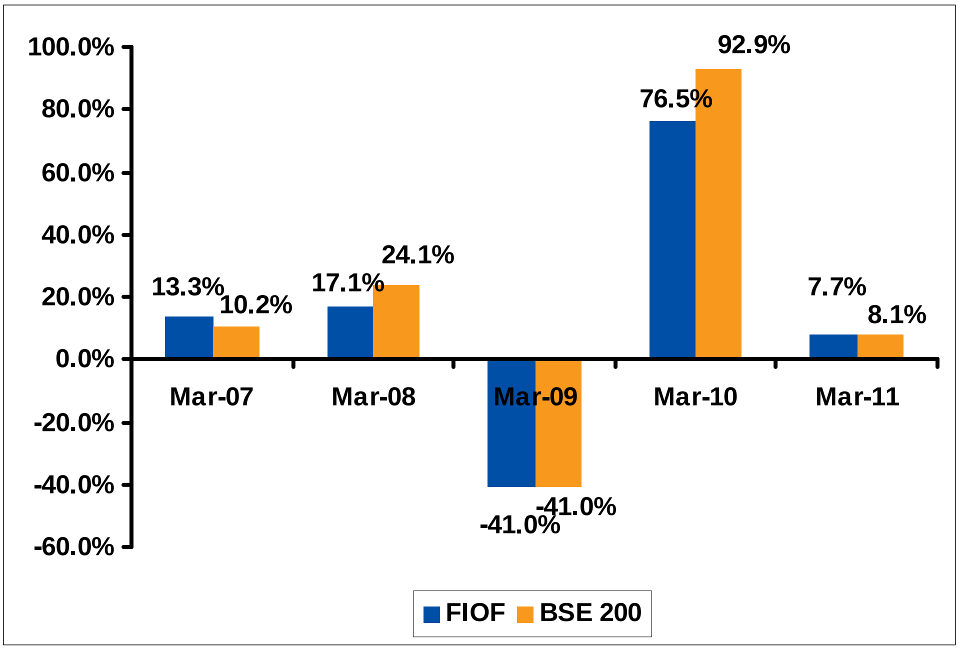


FIOF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIOF	8.05%	0.66%	9.26%	10.50%
BSE 200 #	6.94%	4.13%	12.27%	-3.35%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: February 21, 2000.
Index adjusted for the period February 21, 2000 to March 10, 2004 with the performance of ET Mindex.

Absolute Returns for last 5 financial years:

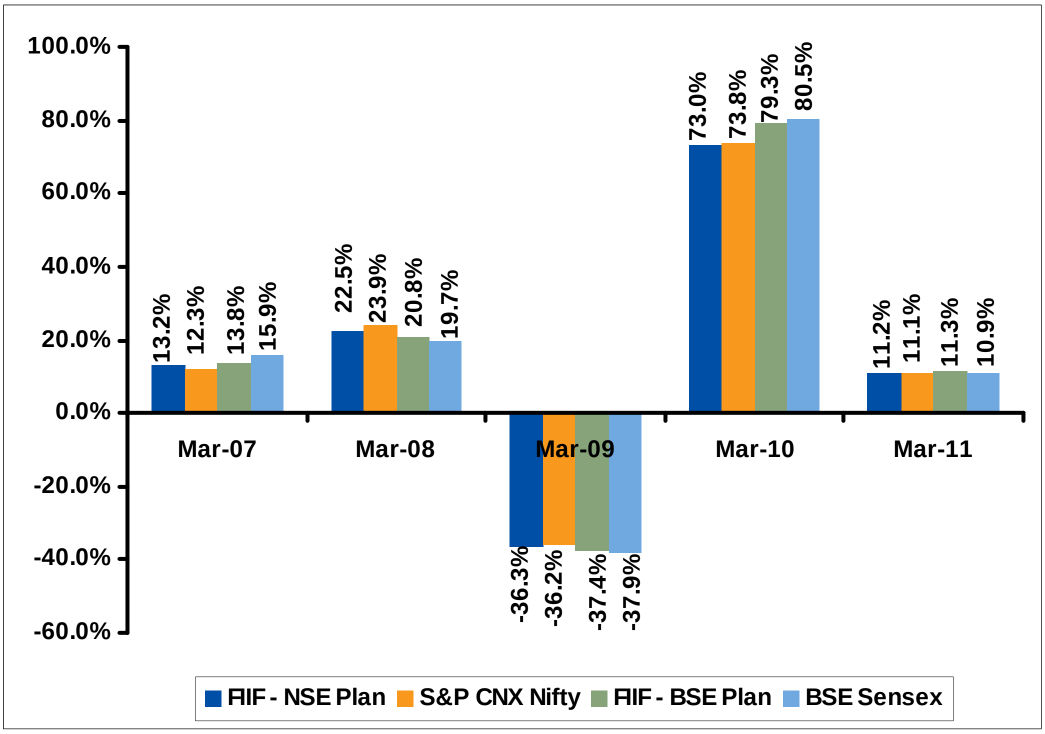


FIIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIIF - Nifty Plan	9.43%	4.32%	12.36%	14.57%
S&P CNX Nifty	9.32%	4.51%	12.60%	14.21%
FIIF - BSE Plan	9.62%	4.15%	12.09%	18.41%
BSE Sensex	9.20%	4.07%	12.21%	19.24%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: Nifty Plan – August 04, 2000, Sensex Plan – August 27, 2001.

Absolute Returns for last 5 financial years:

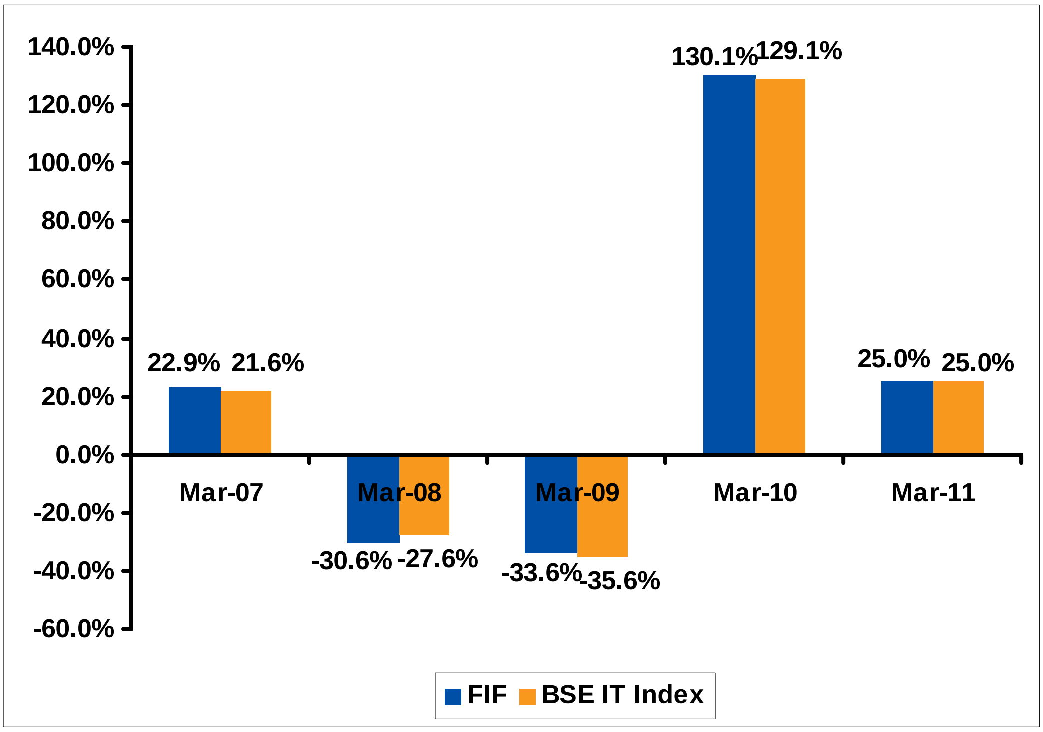


FIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIF	16.60%	11.52%	10.83%	22.01%
BSE IT Index	15.84%	8.87%	10.47%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: August 22, 1998.

Absolute Returns for last 5 financial years:

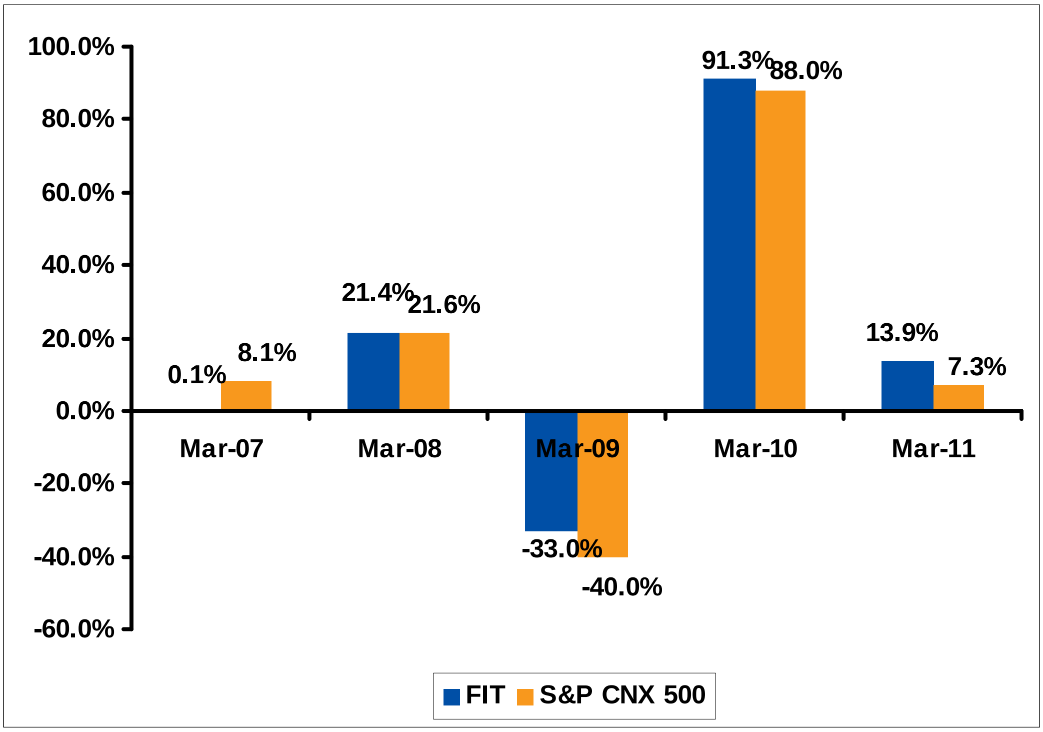


FIT

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIT	15.37%	10.99%	14.17%	28.50%
S&P CNX 500	6.30%	4.30%	11.25%	16.62%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: April 10, 1999.

Absolute Returns for last 5 financial years:

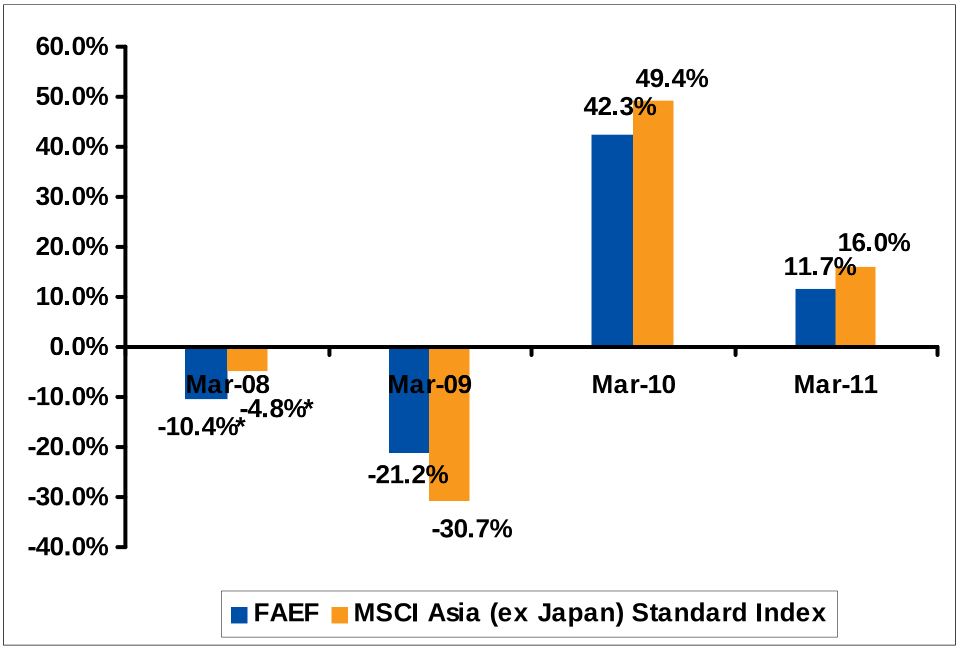


FAEF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FAEF	17.65%	5.15%	N. A.	4.07%
MSCI Asia (ex Japan) Standard Index	24.54%	4.18%	N. A.	4.92%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: January 16, 2008.

Absolute Returns for last 5 financial years:

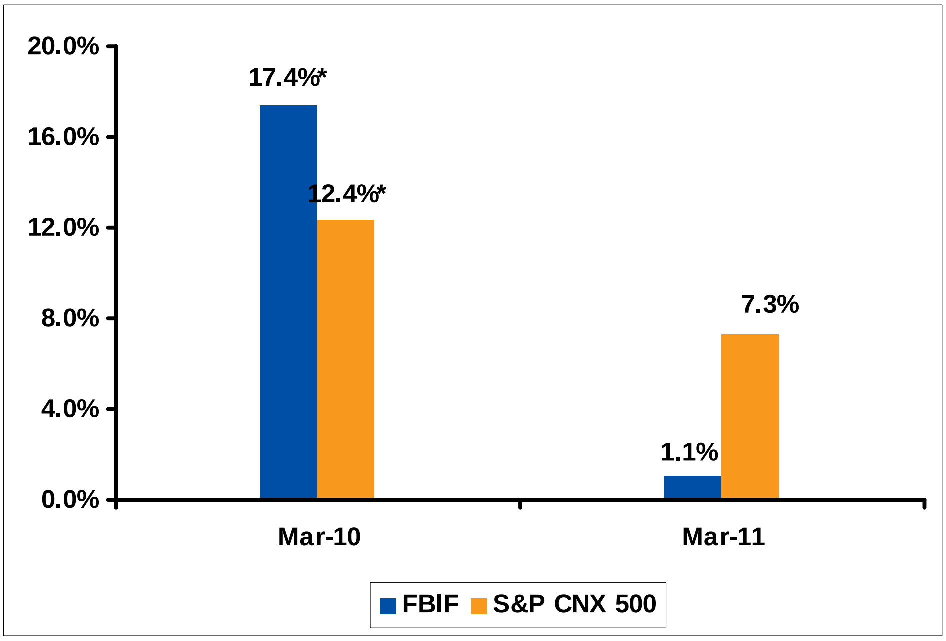


FBIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FBIF	0.87%	N. A.	N. A.	8.53%
S&P CNX 500	6.30%	N. A.	N. A.	9.50%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: September 04, 2009.

Absolute Returns for last 5 financial years:

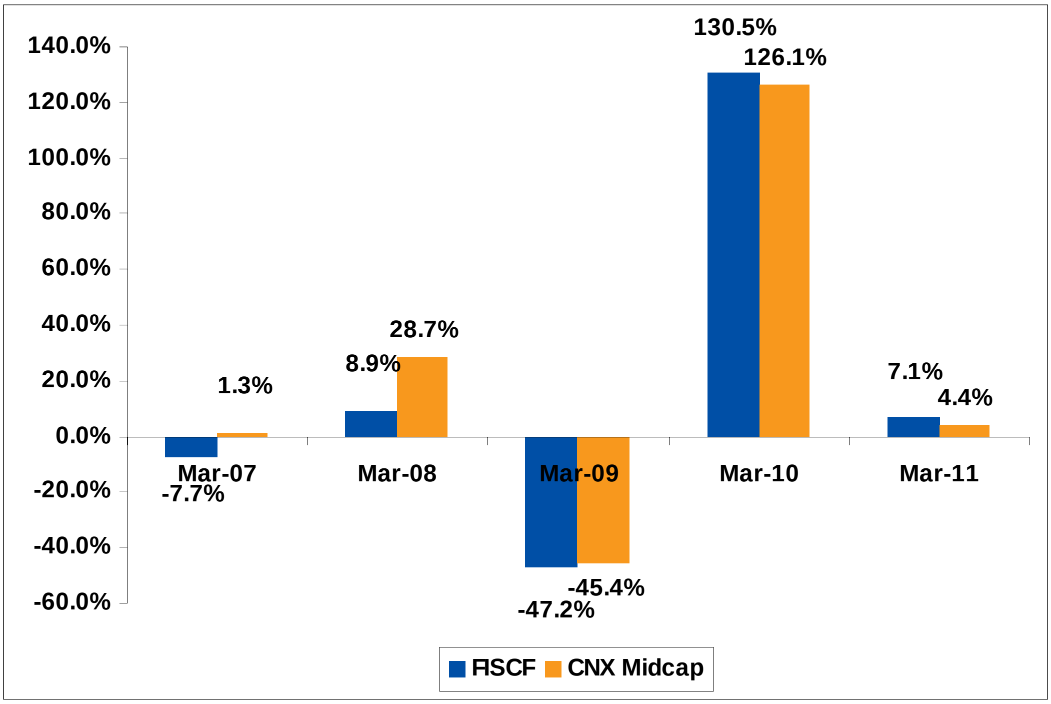


FISCF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FISCF	10.39%	9.25%	7.62%	6.90%
Benchmark (CNX Midcap)	3.98%	7.11%	12.88%	12.83%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: January 13, 2006.

Absolute Returns for last 5 financial years:

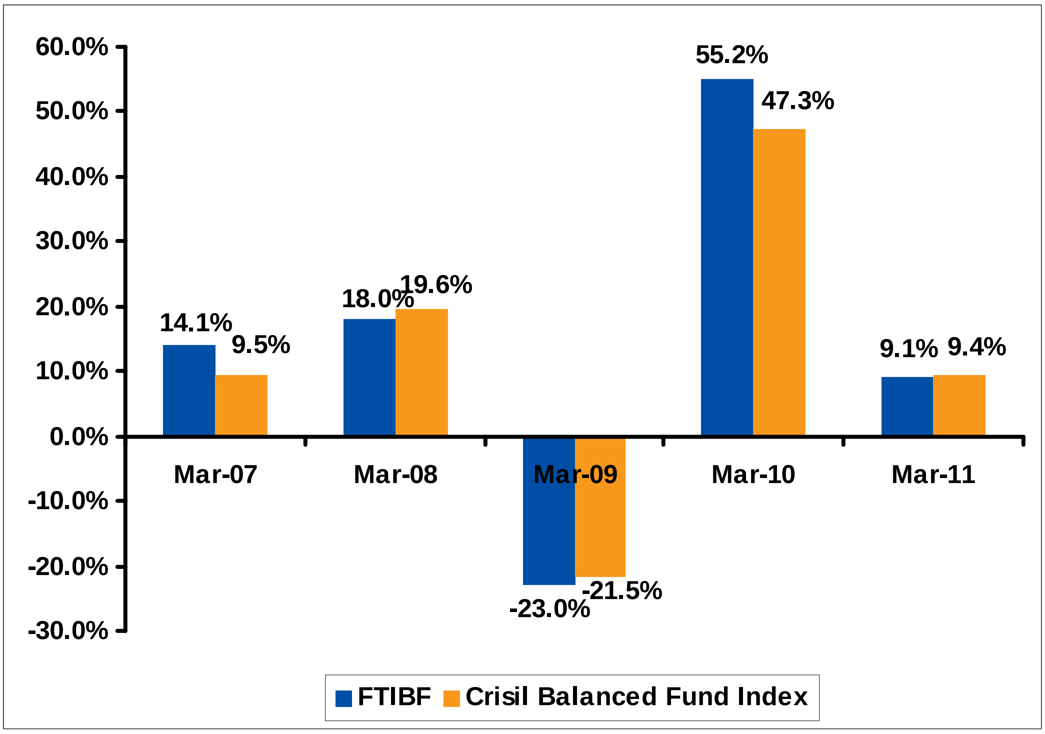


FTIBF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FTIBF	8.72%	7.80%	12.70%	14.79%
Crisil Balanced Fund Index	7.82%	6.31%	11.14%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: January 16, 2008.

Absolute Returns for last 5 financial years:



Note: For the schemes/plans launched during the year, the returns for the financial year are since inception date of the scheme / plan.

PORTFOLIO TURNOVER

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. Portfolio turnover in the scheme will be a function of market opportunities. The scheme is an open-end scheme. It is expected that there would be a number of subscriptions and repurchases on a daily basis. Consequently it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The AMC will endeavour to optimise portfolio turnover to optimise risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for securities held in the portfolio rather than an indication of change in AMC's view on a security etc. However, the AMC will take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets.

INVESTMENT BY AMC IN THE SCHEME

Franklin Templeton Asset Management (India) Private Limited, the asset management company may invest in the Scheme. However, as per SEBI (Mutual Funds) Regulations, 1996, Franklin Templeton Asset Management (India) Private Limited will not charge any Investment Management Fee for its investment in the Scheme. In addition, the funds managed by the sponsors, Franklin Templeton Group may invest in the Scheme.

04. UNITS AND OFFER

PLAN AND OPTIONS

The schemes offer choice of **Growth Plan** and **Dividend Plan**. Dividend Plan further offer choice of **Reinvestment Option** and **Payout Option**.

<u>Lock-in-period in FIT:</u>

All Subscriptions in FIT are subject to a lock-in-period of 3 years from the date of allotment of units. Accordingly, the unitholders cannot redeem, transfer, assign or pledge the units before the completion of 3 years from the date of allotment of units.

As per the Equity Linked Savings Scheme notifications:

- "Investments in the plan will have to be kept for a minimum period of three years from the date of allotment of units."
- "Units issued under the plan can be transferred, assigned or pledged after 3 years of its issue."

Since FIT is launched under the above notifications, the above conditions would be binding on the investor subscribing to units in these schemes. As described above, tax benefits are restricted to an investment amount of Rs.1,00,000/-. However, any investments made in excess of Rs.1,00,000/- would also be locked in for a period of 3 years as required by the conditions of ELSS.

However, in the event of the death of the assessee, the nominee or legal heir, as the case may be, shall be able to withdraw the investment only after the completion of one year from the date of allotment of units to the assessee or anytime thereafter.

TIEIF:
The fund will endeavour to distribute a quarterly dividend. However, there is no guarantee or assurance on the frequency or quantum of dividends, which shall be at the discretion of the AMC/Trustee and shall also depend on the availability of distributable surplus

Growth Plan
Under the Growth Plan, the returns to investors will be available in the form of capital appreciation. There will be no dividend declaration under this option. Instead the growth in NAV will reflect the appreciation of the value of investment.

Dividend Plan
Under the Dividend Option, it is proposed to distribute the returns to the investors in the form of dividends out of distributable surplus. The AMC/Trustee may, at their discretion, approve the distribution of dividends out of distributable surplus to unit holders in the Dividend Option whose names appear in the Register of Unit holders on the record date. Investors have the option of reinvesting the dividend (Dividend Reinvestment) or receiving cash payouts (Dividend Payout).

Dividend Payout Option:
A Unitholder opting for the Dividend Plan may choose to receive cash payouts of the dividend amount. Please note that where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.20/- or less, the same will be **compulsorily reinvested in the Scheme**.

Dividend Reinvestment Option:
A Unitholder opting for the Dividend Plan may choose to reinvest the dividend to be received in additional units of the scheme. The dividend due and payable to the unit holder will be automatically reinvested at the NAV of the immediately following Business Day. The dividend so reinvested shall be construed as payment of dividends to the unit holder and construed as receipt of the same amount from each unit holder for reinvestment in units.

On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the NAV applicable on the day of reinvestment, as explained above.

DEFAULT PLAN/OPTION

The investors must clearly indicate the Plan and Option (Growth or Dividend / Reinvestment or Payout) in the relevant space provided for in the Application Form. In the absence of such instruction, it will be assumed that the investor has opted for the **Default Option**, which is as follows:

FIT: Dividend Payout
Other schemes: Dividend Reinvestment

The Trustee / AMC reserve the right to alter / vary the default plan / option, after giving notice.

DIVIDEND POLICY

The Trustee may declare dividends in the scheme at any time and at such frequency (such as daily, weekly, monthly, quarterly, half-yearly, annually etc.) as it deems appropriate though there is no assurance or guarantee to the Unitholders as to the rate of dividend distribution nor that the dividend will be regularly paid. Distribution of dividend is subject to availability and adequacy of distributable surplus. The Trustees may declare dividends at any periodicity as it deems fit to the Unitholders in the Dividend Plan, whose names appear on the Unitholders' register on the record date.

The scheme reserves the right to suspend sale of units for such period of time as it deems necessary before the record date to ensure proper processing.

Dividends will be distributed within 30 days of the declaration of the dividends and payments will be sent to the unit holder's registered name and bank account number (if provided).

Dividends will be paid by cheque, net of taxes as may be applicable, and payments will be in favour of the Unitholder's registered name or, if there is more than one registered holder, of the first-named registered holder on the original Application Form. To safeguard the interest of Unitholders from loss or theft of dividend cheques, investors are encouraged to provide the details of their bank account in the Application Form. Dividend cheques will be sent in accordance with such information. The Trustee may not declare a dividend at all in the event of inadequacy of distributable income. There is no assurance or guarantee to Unitholders as to the periodicity of dividend; rate of dividends distribution nor that dividend will be regularly paid. Dividend so declared may be reinvested in the Schemes at the first ex-dividend NAV. The dividends so reinvested shall be constructive payment of dividends to the Unitholders and constructive receipt of the same amount from each Unitholder for reinvestment in Units.

Record dates for declaration of dividend

The procedure of declaring dividend and fixing of record dates will be in accordance with SEBI circular dated April 4, 2006. In terms of the circular, the public notice for dividend and record date will not be necessary where the frequency of the dividend is from daily up to monthly.

ONGOING OFFER DETAILS

The Scheme is perpetually open for subscription & redemption on an ongoing basis with announcements of NAV for every Business Day, except during the period when there is a book closure. The Units can be purchased and redeemed at the Applicable NAV, subject to applicable load.

The Trustee also reserves its right to limit the redemptions as laid down under the section 'Right to Limit Redemptions'.

Who Can Invest

The scheme units can be purchased by the following entities (subject to the applicable legislation/regulation governing such entities):

1. Adult individuals, either singly or jointly (not exceeding three), resident in India.
2. Parents/Guardian on behalf of minors.
3. Companies/ Domestic Corporate Bodies/ Public Sector Undertakings registered in India.
4. Charitable, Religious or other Trusts authorised to invest in units of mutual funds.
5. Banks, Financial Institutions and Investment Institutions.
6. Non-Resident Indians, Persons of Indian Origin residing abroad (NRIs) on full repatriation basis and on non-repatriation basis but not United States Persons within the meaning of Regulation S under the United States Securities Act of 1933, as amended from time to time.
7. Foreign institutional investors and their sub accounts on full repatriation basis (subject to RBI approval).
8. Hindu Undivided Family (HUF).
9. Wakf Boards or Endowments / Societies / Co-operative societies / Association of Persons or Body of individuals (whether incorporated or not), Trusts and clubs authorised to invest in units of mutual funds.
10. Sole Proprietorship, Partnership Firms.
11. An association of persons or body of individuals whether incorporated or not.
12. Army/Air Force/Navy/Para-military funds and other eligible institutions.

13. Scientific and/or industrial research organizations.
14. Other Associations, Institutions, Bodies etc. authorized to invest in the units of mutual funds.
15. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.
16. Mutual fund Schemes can also invest in the Scheme, subject to SEBI Regulations applicable from time to time.

Units of the schemes of Franklin Templeton Mutual Fund is an eligible investment for charitable and religious trusts under the provisions of Section 11(5)(xii) of the Income Tax Act, 1961, read with Rule 17C of the Income Tax Rules, 1962. Further, the Government of Maharashtra has authorized and declared the following schemes as 'public security' under the Bombay Public Trusts Act, 1950 in its order dated January 19, 2002: Templeton India Growth Fund and Franklin India Index Fund.

In view of the individual nature of implications, the investors are advised to consult their own advisors to ascertain if they are eligible to invest in the scheme as per the laws applicable to them and whether the scheme is suitable for there risk profile.

Where can you submit the filled up Application Form

Investors can purchase Units of the Scheme by completing the Application Form and delivering it along with full payment at any of the Franklin Templeton Branch Offices [Investor Service Centre (ISC)] / Collection Centres or may be routed through an AMFI registered Agent/distributor/broker.

A list of the addresses of the ISC and Collection Centres is given at the end of this Scheme Information Document.

How to apply

Investors can subscribe for the Units of the Scheme by completing the Application Form and delivering it at any Investor Service Centre or Collection Centre.

Please refer to the SAI and the Key Information Memorandum / Application Form for the instructions.

Official Points of Acceptance of Transaction

As per SEBI Circular SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, FTMF hereby declare all its branch offices [Investor Service Centres (ISC)], the designated branch offices of **Karvy Computershare Private Limited** (Karvy) and **Computer Age Management Services Private Limited** (CAMS) (termed as **Collection Centres**) and FTMF's website (www.franklintempletonindia.com) as the Official Points of Acceptance of Transactions ("OPAT"). Additionally, the Secured internet site hosted or managed by CAMS will also be OPAT in respect of the transactions routed through the distributors who have registered for this facility (in accordance with the terms and conditions, as may be prescribed from time to time). The "cut off time" mentioned in the Scheme Information Document shall be reckoned at these official points. All transaction (purchase/redemption/switch) applications must be demonstrably received by the Mutual Fund at these OPAT.

Further in case of transactions done through the stock exchange infrastructure, all the Eligible Stock Brokers will be considered as the OPAT for the transactions done under this facility. The cut-off timing and applicability of NAV for the transaction will be determined in accordance with the provisions of SEBI circular no. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006. The day and time of receipt of the transaction application by FTMF will be based on the time stamping as evidenced by the confirmation slip generated by the stock exchange infrastructure.

AVAILABILITY OF FORMS

Key Information Memorandum / Application Forms and copies of this Scheme Information Document are available from the Investor Service Centres at their respective locations set forth in the Application Form or on the reverse of this Scheme Information Document, in addition to the Head Officer of the Mutual Fund. Application Forms are also available with the approved intermediaries of the Mutual Fund as well as on the website of the mutual fund www.franklintempletonindia.com

MANDATORY INFORMATION

As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications and therefore, investors are requested to fill-up the appropriate box in the application form failing which applications are liable to be rejected.

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected.

In terms of SEBI circulars dated April 27, 2007, April 03, 2008 and June 30, 2008 read with SEBI letter dated June 25, 2007, **Permanent Account Number (PAN) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction**, except (a) investors residing in the state of Sikkim; (b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) and (c) investors participating only in micro-pension. SEBI, in its subsequent letter dated June 19, 2009 has conveyed that systematic investment plans (SIP) of mutual funds up to Rs.50,000/- per year per investor shall be exempted from the requirement of PAN.

Accordingly, SIPs where the aggregate of instalments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs.50,000/- (referred to as “Micro SIP”) shall be exempt from the requirement of PAN. However, a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. This exemption will be applicable only to investments through Micro SIP by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption.

Thus, submission of PAN is mandatory for all existing as well as prospective investors (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for investing with mutual funds from this date. Investors are required to register their PAN with the Mutual Fund by providing the PAN card copy (along with the original for verification which will be returned across the counter). **All investments without PAN (for all holders, including Guardians and POA holders) are liable to be rejected.**

All investments in Franklin Templeton Mutual Fund need to comply with the PAN and KYC requirements as noted above.

Minimum Application Amount

Fresh purchase by new applicant: Rs.5,000/- and any amount thereafter in multiple of Re.1/-
Additional purchases by existing unitholders: Rs.1,000 and any amount thereafter in multiple of Re.1/-

However in case of Franklin India Taxshield, as per the ELSS guidelines, the amount of fresh purchase as well as additional purchase will be minimum Rs.500/- and any amount thereafter in multiple of Rs.500/-.

There is no upper limit on the investment amount. The Trustee reserves the right to vary these limits from time to time, in the interest of investors.

Sale Price for ongoing purchases

For on-going subscriptions, sale price is calculated based on the “Applicable NAV”. All the applications will be processed at the Applicable NAV based on the date and time of their receipt at the ISC / Collection Centre, as evidenced by the electronic date / time stamp affixed at the ISC or Collection Centre.

CUT OFF TIMING FOR SUBSCRIPTIONS

Pursuant to SEBI guidelines, the cut off timings and the applicability of Net Asset Value of the scheme is under:

In respect of valid applications received up to 3.00 p.m. by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.

In respect of valid applications received after 3.00 p.m. by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.

However, in respect of valid applications with outstation cheques / demand drafts not payable at par at the place where the application is received, closing NAV of the day on which cheque / demand draft is credited to the account of Franklin Templeton Mutual Fund shall be applicable.

The Trustee/AMC may alter the limits and other conditions in line with the SEBI Regulations.

Allotment of Units / Refund

Full allotment will be made to all valid applications received during continuous offer period. Refund of subscription money will be made to applicants without any return, in case applications are invalid or are rejected. An Account Statement containing the number of Units allotted will be issued within 10 working days from the date of allotment.

The allotment of units is subject to realisation of the payment instrument. Units purchased can be redeemed only after realisation of cheques.

The Trustee is entitled, in its sole and absolute discretion, to reject any Application.

Fractional Units

Investors may have Account Statements that show an issuance of fractional Units. Fractional Units will be computed and accounted for up to three decimal places using standard rounding criteria. Fractional Units in no way will affect an investor's ability to redeem Units.

LISTING

Being an open-end scheme, the units of the scheme will not be listed at any stock exchange. However, subject to the Regulations, the Trustee may decide to list the units of the scheme on any recognised stock exchange.

How to Redeem Units

In order to redeem units, investors must submit a redemption request by filling-up the pre-printed forms and submit / mail the same to any Investor Service Centre (ISC) / Collection Centre. All redemption request forms must contain the investor's Folio / Account Number and be duly signed.

Redemption requests by telephone, telegram, fax or other means or that lack valid signatures may not be accepted.

The Fund, however, may limit the right to make redemptions. See "Right to Limit Redemptions" below.

Redemption Price

A valid redemption request received on any Business Day will be processed at the "Applicable NAV", subject to applicable load.

All the applications will be processed at the Applicable NAV, subject to applicable load, based on the date and time of their receipt at the ISC, as evidenced by the electronic date / time stamp affixed at the ISC.

The repurchase / exit load shall be charged as a percentage of Net Assets Value (NAV) i.e. applicable load as a percentage of NAV will be deducted from the NAV to calculate repurchase price. Further, Securities Transaction Tax (STT), as applicable, will be deducted therefrom.

To further elaborate, the redemption price is calculated by multiplying the "Applicable NAV for Redemption" by (1 – Exit Load) and deducting therefrom the STT, as applicable. The redemption price will be calculated to four decimals using standard rounding criteria. For example, if the "Applicable NAV for Redemption" (rounded) is Rs.12.3269 and the exit load applied is 0.5% and the STT applicable is 0.25%, the redemption price will be calculated as follows:

Redemption Price	=	[Applicable NAV for Redemption * (1- Exit Load)] – STT
	=	[12.3269 * (1-0.005)] – STT
	=	[Rs.12.26526550] - STT
	=	[Rounded off to Rs.12.2653] – STT

Calculation of STT:
In case the investor asks for the redemption in terms of no. of units (or for all units outstanding in his account), the computation of STT would be {[Unit * (NAV less Exit Load, if any)] * STT rate}
If the investor asks for a Rupee amount as redemption, the STT would be calculated as [(Rupee amount less exit Load, if any) / (1 – STT rate) – Rupee amount less Exit load, if any]

Example:

	Unit Redemption	Amount Redemption
No. of units	10,000	-
Amount	-	1,00,000
NAV (rounded)	12.3269	12.3269
Exit load	0.5%	0.5%
STT	0.25%	0.25%
Outstanding units	50,000	40,000

Unit redemption STT on NAV at redemption price:

Price	:	12.2653
Amount	:	1,22,653.00
STT	:	306.63
STT rounded up to Rupee	:	307
Net amount to investors	:	1,22,346.00
Balance units	:	40,000

Amount redemption STT on NAV at redemption price:

Price	:	12.2653
Gross Amount with STT	:	1,00,250.63
STT	:	250.63
STT rounded up to Rupee	:	251
No. of units	:	8,173.516
Balance units	:	31,826.484

CUT OFF TIMING FOR REDEMPTIONS

Pursuant to SEBI guidelines, the cut off timings and the applicability of Net Asset Value of the scheme is under:

In respect of valid applications received up to 3.00 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3.00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

Minimum redemption amount

FIT: Rs.500 and any amount in multiple of Re. 1/- thereafter.
Other schemes: Rs.1,000 and any amount in multiple of Re. 1/- thereafter.

The Trustee reserves the right to vary these limits from time to time, in the interest of investors.

Unitholder may request the redemption of a certain specified Rupee amount or of a certain number of Units. If a redemption request is for both a specified Rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. In the case where a Rupee amount is specified or deemed to be specified for redemption, the number of Units redeemed will be the amount redeemed divided by the applicable NAV. Redemption requests will be honoured to the extent permitted by the credit balance in the Unitholder's account. The number of Units so redeemed will be subtracted from the Unitholder's account and a statement to this effect will be issued to the Unitholder. If the redemption request exceeds the Balance in the account then the account would be closed and balance sent to the investors. To pay the investor the redemption amount requested for (in Rupees), Franklin Templeton will redeem that many units as would give the investor the net redemption amount requested for, after deducting exit load as applicable from time to time.

Facility for subscription and redemption of units through stock exchange infrastructure:

Franklin Templeton offers the facility to subscribe and redeem the units of schemes of Franklin Templeton Mutual Fund through the infrastructure of the National Stock Exchange of India Ltd. ("NSE") and The Bombay Stock Exchange Ltd. ("BSE").

This facility is currently available only in the following schemes:
Templeton India Growth Fund (TIGF), Franklin India Bluechip Fund (FIBCF), Franklin India Prima Plus (FIPP) and Franklin India Flexi Cap Fund (FIFCF).

The salient features of this facility are as follows:

1. Eligible investors – This facility is currently available only to Individuals, HUF and Minors acting through guardian, who are Resident in India.
2. This facility for subscription (fresh purchase and additional purchase) and redemption of units of the eligible schemes is available for new investors as well as existing investors. Currently, Switch transactions and systematic transactions such as Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), Systematic Withdrawal Plan (SWP) and Dividend Transfer Plan (DTP) will not be permitted.
3. In order to facilitate the transactions under this facility, NSE has launched Mutual Fund Service System ("MFSS") and BSE has introduced Bombay Stock Exchange Platform for Allotment and Redemption of Mutual Fund Units ("BSE StAR MF"). All trading members and clearing members of NSE and BSE who are registered with the Association of Mutual Funds in India ("AMFI") as Mutual Fund Advisors and are empanelled as distributor with Franklin Templeton Asset Management (India) Pvt. Ltd., the AMC, ("Eligible Stock Brokers" / "Eligible Clearing Members") will be eligible to offer this facility to the investors.
4. Eligible investors who are willing to transact under this facility are required to register themselves with the Eligible Stock Broker / Eligible Clearing Members.
5. All the Eligible Stock Brokers and Eligible Clearing Members will be considered as the Official Point of Acceptance of Transaction ("OPAT") for the transaction done under this facility. The cut-off timing and applicability of NAV for the transaction will be determined in accordance with the provisions of SEBI circular no. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006. The day and time of receipt of the transaction application by FTMF will be based on the time stamping as evidenced by the confirmation slip generated by the stock exchange infrastructure.
6. The investors have an option to hold the units in physical form (account statement) or dematerialised form. International Security Identification Numbers (ISIN) in respect of the plans/option of the eligible schemes have been created and admitted in the National Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL"). Units shall be allotted in physical form or dematerialised form as per the request of the investor.
7. **For units issued in physical form (represented by Account Statement)**
   7.1 Investors desirous of transacting (subscription or redemption) through the stock exchange infrastructure should approach an Eligible Stock Broker along with the duly filled in Application Form and other documents (including PAN and KYC) as required. For subscriptions, the payment of subscription money should be made to the Eligible Stock Broker.
   7.2 Dispatch of Account Statements and payment of redemption proceeds will be made by the Mutual Fund directly to the investor as per the normal service standard. The redemption payout will be made to the investor's bank account as registered with the AMC based on the information furnished by the investor.
   7.3 The Eligible Stock Brokers are required to submit the original Application Form and other documents received from the investors to the AMC/ Registrar. In case of a subscription transaction, the allotment of units will be on 'Provisional' basis till the time the AMC/Registrar has received all the required documents from the Eligible Stock Broker. Any application for redemption of units so allotted on provisional basis will be rejected.
   7.4 In case the investor wishes to dematerialise the units held in physical form, the AMC will facilitate the same with the Registrar, Depositories and Depository Participants.

8. **For units issued in dematerialised form**
   - 8.1 Investors desirous of investing in dematerialised form need to have a Beneficiary Account with a Depository Participant (DP).
   - 8.2 Investors desirous of transacting (subscription or redemption) through the stock exchange infrastructure should place the order with an Eligible Stock Broker or Eligible Clearing Member as currently followed for secondary market activities. For subscriptions, the payment of subscription money should be made to the Eligible Stock Broker or the Eligible Clearing Member. Investors shall receive units through broker/clearing member's pool account. FTMF would credit the units into broker/clearing member's pool account and broker/clearing member in turn to the respective investor's demat account.
   - 8.3 Completion of the PAN and KYC requirements of the Depository/ Depository Participant will be considered to be adequate compliance with the guidelines issued by SEBI in this regard for investment in mutual funds.
   - 8.4 For redemptions, investors shall receive redemption amount through broker/clearing member's pool account. Payment of redemption proceeds will be made by FTMF to the broker/clearing member and broker/clearing member in turn to the respective investor.
   - 8.5 Payment of redemption proceeds to the broker/clearing members by FTMF shall discharge FTMF/the AMC of its obligation of payment to individual investor. Similarly, in case of subscription, crediting units into broker/clearing member pool account shall discharge FTMF/the AMC of its obligation to allot units to individual investor.
   - 8.6 The Account Statement of the Beneficiary Account with the DP will be sent by the respective DPs as per their service standards. The Account Statement issued by the DPs will be considered as adequate compliance of the requirements specified by SEBI for mutual funds with respect to dispatch of account statement to investors.
   - 8.7 In case the investor wishes to re-materialise the units held in demat form, the AMC will facilitate the same with the Registrar, Depositories and Depository Participants.
9. For any complaints or grievances against the Eligible Stock Broker/Eligible Clearing Member with respect to the transactions done through the stock exchange infrastructure, the investor should contact either the concerned Eligible Stock Broker/Eligible Clearing Member or the investor grievance cell of the respective stock exchange. For non commercial transactions/service requests such as change in address, change in bank mandate, issue of duplicate account statements etc., the investors should approach any of the Franklin Templeton Investor Service Centres in case the units are held in physical form and to their respective Depository Participant (DP) in case the units are held in demat form.
10. Applications which are incomplete or invalid in any respect or are conditional or ambiguous are liable to be rejected.
11. The investors will have to comply with the PAN and KYC requirements as prescribed by SEBI/BSE/NSE/NSDL/CDSL/Franklin Templeton Mutual Fund from time to time.
12. The facility shall be subject to the terms and conditions specified and guidelines issued by SEBI/BSE/NSE from time to time.
13. The Trustee/AMC reserves the right to change/modify or discontinue the facility at any time in future.

Minimum balance to be maintained and Right to close an investor's account

The Mutual Fund may close out an investor's account whenever, due to redemptions, the value of the account falls below the following minimum account balance for the respective Schemes and the investor fails to purchase sufficient Units to bring the value of the Account up to the minimum amount or more, after written notice is sent by the Mutual Fund.

Schemes	Minimum account Balance for closure of the Investor's Account (Rs.)
TIGF & FIIF	2,000/-
FIT	500/-
Other scheme	1,000/-

Right to limit redemptions

The Trustee may, in its sole discretion, in response to unforeseen circumstances or unusual market conditions, limit the total number of Units which may be redeemed on any Business day to 5% of the total number of Units then in issue (or such higher percentage as the Trustee may determine in any particular case). In addition, the Trustee reserves the right, in its sole discretion, to limit redemptions with respect to any single account to an amount as mentioned below for each respective scheme, in a single day.

Schemes	Limit on redemption with respect to any single account in a single day (Rs.)
TIGF	10 Lacs
Other schemes	1 Crore

Any Units which, by virtue of these limitations, are not redeemed on a particular Business Day will be carried forward for redemption on the next following Business Day in order of receipt. Redemptions carried forward will be made at the NAV in effect on the subsequent Business Day(s) on which the condition for redemption request is fulfilled. To the extent multiple redemptions are being satisfied in a single day under these circumstances, such payments will be made pro-rata based on the size of each redemption request. Under such circumstances, redemption cheques may be mailed out to investors within a reasonable period of time and will not be subject to the normal response time for redemption cheque mailing.

Suspension of sale or redemption of units

With the approval of the Boards of Directors of the Trustee and the Asset Management Company, the sale or redemption of Units may be suspended temporarily or indefinitely when any of the following conditions exist:

1. The equity / debt market stops functioning or trading is restricted.
2. Periods of extreme volatility in the equity / debt market, which, in the opinion of the Investment Manager, is prejudicial to the interest of the investors.
3. When there is a strike by the banking community or trading is restricted by RBI or other authority.
4. Period of extreme volatility in the equity / debt / money market, which in the opinion of the AMC and/or Trustee is prejudicial to the interest of the scheme's investors.
5. As and when directed by the Government of India or RBI or SEBI to do so or conditions relating to natural calamity/external aggression/internal disturbances etc. arises, so as to cause volatile movements in the money or debt market, which in the opinion of the AMC, will be prejudicial to the interest of the unitholders, if further trading in the scheme is continued.
6. Break down in the information processing/communication systems affecting the valuation of investments/processing of sale/repurchase request.
7. Natural calamity.
8. SEBI, by order, so directs.
9. Any other circumstances which in the opinion of the AMC and/or Trustee is prejudicial to the interest of the existing/prospective investors.

The approval from the Boards of AMC / Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

The Trustee also reserves the right in its sole discretion to withdraw sale of Units in the Scheme temporarily or indefinitely, if the Trustee views that increasing the Scheme's size further may prove detrimental to the existing/prospective Unitholders of the Scheme.

SPECIAL PRODUCTS AVAILABLE

Exchanges / Switch

Investors can, subject to any applicable restriction (such as lien/lock-in) exchange / switch investments from one scheme of Franklin Templeton Mutual Fund to another (e.g. Franklin India Bluechip Fund to Templeton India Growth Fund), and from one plan to another of the same scheme (i.e. from Dividend plan to Growth plan) at the applicable NAV (subject to applicable load) provided that

a. there is no book closure in either of the schemes/plans.
b. the investment sought to be exchanged is not under any lock-in period and are free of any encumbrances.
c. the amount sought to be exchanged is equal to or higher than minimum investment amount required for opening an account in the destination scheme/plan.

For this purpose, the units of that scheme/plan will be redeemed at the applicable NAV (subject to applicable load) and the net proceeds shall be invested in the destination scheme/plan at the applicable NAV (subject to applicable load).

The investors may please note the exchanges / switches in the schemes shall be subject to the terms and conditions of the respective schemes, including applicable lock-in-periods.

In the event of book closure in any of the schemes, the relevant exchange will be effected on the working day immediately following the end of the book closure period.

The Trustee/AMC reserves the right to alter/vary the terms of exchanges.

SYSTEMATIC INVESTMENT PLAN (SIP)

Mutual Fund Investors can benefit by investing specified rupee amounts periodically for a continuous period. This concept is called Rupee Cost Averaging. This savings program allows investors to save a fixed amount of rupees every month by purchasing additional units of the Fund. Therefore, the average unit cost will always be less than the average sale price per unit irrespective of the market being rising, falling or fluctuating.

By investing a fixed amount of Rupees at regular intervals, investors can take advantage of the benefits of Rupee Cost Averaging, at the same time, saving a fixed amount each month.

The unitholder may avail Systematic Investment Plan (SIP) by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount and / or tenure (but not below the specified minimum) by giving written notice to the AMC/Registrar. An SIP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights

- Franklin Templeton Mutual Fund will accept a minimum of 12 cheques (‘cheques’ include ECS/Direct Debit instructions or any other mode of payment accepted by the AMC from time to time) each of Rs.500/- or more or a minimum of 6 cheques each of Rs.1,000/- or more from any SIP investor.
- All the SIP cheques (except the first one) must be uniformly dated i.e. either the 1^{st}, 7^{th}, $10^{th,}$ 20^{th} or 25^{th} of a month. Investors can invest at Monthly or Quarterly intervals by providing post-dated cheques. All cheques should be for the same amount.
- Only one instalment per month/quarter is allowed under one SIP registration. e.g., if for a monthly SIP, the first instalment is in the month July, say 2^{nd} July, then the second instalment should be in August.
- To effect the ECS/Direct debit, investors must provide a cancelled cheque or copy thereof for the same account from which the ECS/Direct Debit is to be done.
- Load: For all SIP purchase transactions during ongoing sale, the entry and exit load as applicable for normal purchases shall be applicable [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].
- In case the specified date of SIP instalment is a non-business day for the scheme, the SIP will be processed on the following business day for that scheme.
- If during the currency of a SIP, the unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing SIP and re-registration of a new SIP and all the terms and conditions of the SIP such as minimum term/amount etc. shall apply in both plans/options.
- The AMC reserves the right to discontinue the SIP in case of cheque return or rejection of ECS/Direct Debit by the bank for any reason, and debit the return / rejection charges to the investors’ account.
- Franklin Templeton Investments will not be responsible for any delay/non-processing of ECS/Direct Debit transaction where it is attributable to any incorrect/incomplete information provided by the investor.
- Franklin Templeton Investments shall not be responsible and liable for any damages/compensation for any loss, damage etc., incurred by the investor. The investor assumes the entire risk of using the ECS/Direct Debit facility and takes full responsibility for the same.
- Investor will not hold Franklin Templeton Investments and its service providers responsible if the transaction is delayed or not effected by the investor Bank or if debited in advance or after the specific SIP date due to various reasons.
- The Trustee/AMC reserves the right to modify or discontinue the SIP facility at any time in future on a prospective basis.

It is clarified that the load applicable for a SIP shall be the load prevailing on the date of registration.

Here is an illustration using hypothetical figures to show how a Systematic Investment Plan can benefit an investor. Let us assume that Mr. ABC would like to invest Rs.1,000/- as a quarterly investment for a period of four quarters, i.e. a total of Rs.4,000/-.

Quarter	Amount Invested (Rs.)	Public Offering Price (POP) (Rs.)	No. of Units purchased
1	1000	12.0000	83.333
2	1000	15.0000	66.667
3	1000	9.0000	111.111
4	1000	12.0000	83.333
TOTAL	**4000**	**48.0000**	**344.444**

Average price (per unit) per quarter (quarters) = Rs.12.0000 (i.e. Rs. 48/4).
Average cost per unit = Rs.11.6129 (i.e. Rs. 4000/344.444 units).

As can be seen from the example above, the average cost per unit is always lower than the average market price per unit, irrespective of a rise, fall or fluctuations in the market. A greater number of units were purchased when the per-unit cost was low; fewer units were purchased when the per-unit cost was high. Thus, Mr. ABC automatically gains without having to monitor prices (NAV) on a day-to-day basis.

However, an investor should note that the market value of the Scheme's units is subject to fluctuations. **Before undertaking any plan for Systematic Investment, the investor should keep in mind that such a program does not assure a profit or protect against a loss.**

SYSTEMATIC TRANSFER PLAN (STP)

A unitholder may establish a Systematic Transfer Plan and choose to transfer on a monthly or quarterly basis from the Scheme to another Franklin Templeton scheme. The transfer will be effected by way of redemption of units (with appropriate exit load, if any) and a reinvestment (with appropriate entry load, if any) of the redemption proceeds in another Scheme(s).

The unitholder may avail STP by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount and / or tenure (but not below the specified minimum) by giving written notice to the AMC / Registrar. An STP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:
This facility is available to the investors of all open–end schemes of Franklin Templeton Mutual Fund, except as otherwise mentioned herein below. An investor can select this facility whereby the investor choose to transfer on a periodic basis a pre-determined amount from any Franklin Templeton open–end scheme (Source Scheme) into any other Franklin Templeton open-end scheme (Destination Scheme) selected by the investor.

1) In order to start the STP facility, the minimum account balance under Fixed Amount Option should be Rs.12,000/- for Weekly, Monthly and Quarterly STP and Rs.15,000/- for Daily STP. The same under Capital Appreciation Option should be
   - o Rs. 5,00,000/- for Weekly Transfer of Funds facility (Weekly STP)
   - o Rs. 1,00,000/- for Monthly Transfer of Funds facility (Monthly STP)
   - o Rs. 1,00,000/- for Quarterly Transfer of Funds facility (Quarterly STP),

   except in Institutional Plan and Super Institutional Plan of TITMA and TIUBF, where the same should be Rs.1 crore.
2) However, the following schemes/plans/options are not available as Source Scheme:
   - TIPP
   - TICAP
   - FIT
   - TGSF - PF Plan
3) The following schemes/plans/options are not available as Destination Scheme:

- TITMA
- TISTIP - Institutional Plan
- TFIF - Institutional Plan and Super Institutional Plan
- TIUBF - Institutional Plan and Super Institutional Plan

4) Options: There are two options available, Fixed Amount Option and Capital Appreciation Option.
5) The Capital Appreciation option will be available only under the Growth plans/options of the Source schemes.
6) FIT is not available as the Destination Scheme under Capital Appreciation Option.
7) Frequency: The frequency can be Daily, Weekly, Monthly or Quarterly. The Daily frequency of transfer will be available only under Fixed Amount Option.
8) Transfer of Funds:

Transfer of Funds	Fixed Amount Option	Capital Appreciation Option
Daily STP	A fixed amount can be transferred to the specified Destination Scheme.	Not Applicable
Weekly STP	A fixed amount can be transferred on the 7th, 14th, 21st and 28th day of every month to the specified Destination Scheme	The capital appreciation as on the immediately preceding business day for the Source Scheme can be transferred to the specified Destination Scheme, on the 7th, 14th, 21st and 28th day of every month.
Monthly STP/ Quarterly STP	A fixed amount can be transferred on a pre-specified date (to be chosen by the investor) of every month/every quarter to the specified Destination Scheme	The capital appreciation as on the last business day of every month/quarter can be transferred to the specified Destination Scheme

9) In case the specified date is a non-business day for either the Source Scheme or the Destination Scheme, the STP will be processed on the following business day for both the schemes. The STP will be applicable subject to the terms of the destination scheme.
10) Minimum Amount and Term:
    (a) Under the Fixed amount option

Transfer Frequency	Destination Scheme	
	FOF schemes	**Other schemes**
Daily STP	Rs.1,000 per day for 30 days. Currently, the Daily STP will be accepted/ registered for a maximum duration of 3 years.	Rs.500 per day for 30 days. Currently, the Daily STP will be accepted/ registered for a maximum duration of 3 years.
Weekly STP	Rs.1,000 per week for 6 months	Rs.500 per week for 6 months
Monthly STP	Rs.4,000 per month for 6 months or Rs.2,000 per month for 12 months	Rs.1,000 per month for 6 months or Rs.500 per month for 12 months
Quarterly STP	Rs.4,000 per quarter for 6 quarters or Rs.2,000 per quarter for 12 quarters	Rs.1,000 per quarter for 6 quarters or Rs.500 per quarter for 12 quarters

    (b) Under Capital Appreciation Option, the minimum terms shall be 6 months.
11) Where any of the following schemes is the Destination Scheme of STP, the amount of each STP instalment under Fixed Amount Option should be less than Rs.1 crore: TIIF, TIIOF, TIIBA, TGSF, TISTIP, TFIF, TILDF, FTIMIP, TIUBF, TIPP and TICAP
12) Load: For all STP purchase transactions, the entry and exit load as applicable in the Destination Scheme for normal purchases shall be applicable. Further, for all STP (out) transactions, an exit load as applicable in the Source Scheme shall be levied.
13) At least 7 days' prior intimation should be given to the Mutual Fund for commencement of a fresh STP or cancellation/termination of an existing STP.
14) If during the currency of a STP, the Unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing STP and re-registration of a new STP and all the terms and conditions of the STP such as minimum term/amount etc. shall apply in both plans/options.
15) If in case of a monthly/quarterly STP with Fixed Amount Option, if the unitholder specifies 30th or 31st of the month (28th/29th in case of February) as the "Specified Date" for the STP transaction, then the STP shall be processed on the day, which is the last business day in that month for both the schemes.
16) Where the Start Date of the STP is not mentioned, then for an STP under Monthly/Quarterly option, the Start Date shall be deemed as follows:

If STP is submitted ……..	Then Start Date shall be deemed to be ……
On or before 8th day of the month	15th day of that month
After 8th day but on or before 23rd day of the month	last business day of that month for both the schemes
After 23rd day of the month	15th day of the next month

In case of Daily STP, the same shall be deemed to be the 8th day from the date of submission of the request at any of Franklin Templeton ISC / Collection Centres.

17) This facility is not available for investments under lock-in period or on which any lien or encumbrance is marked or in respect of which the status of realisation of cheque is not available to the AMC.
18) It shall be the responsibility of the investor to ensure that sufficient balance (free from any Lock-in or encumbrances) is available in the account on the date of transfer, failing which the transfer will not be effected. The AMC reserves the right to discontinue the STP in case the transfer is not effected due to insufficient balance in the investor's account.
19) The AMC/Trustees reserve the right to discontinue or modify the STP facility at any time in future on a prospective basis.

It is clarified that the load applicable for a STP shall be the load prevailing on the date of registration.

Here is an illustration using hypothetical figures to explain the concept of a Systematic Transfer Plan. Let us assume that Mr. ABC would like to transfer Rs.1000/- every month from TIIF to TIGF for a period of four months, i.e. a total of Rs.4000/-.

TIIF					
Month	**Opening Balance of Units** (a)	**Applicable NAV (Rs.)** (b)	**Amount Redeemed (Rs.)** (c)	**No. of Units Redeemed** (d) = [c-b]	**Closing Balance of Units** (e) = [a-d]
1	5,000.000	11.0000	1,000.00	90.909	4,909.091
2	4,909.091	11.0800	1,000.00	90.253	4,818.838
3	4,818.838	11.1500	1,000.00	89.686	4,729.152
4	4,729.152	11.2000	1,000.00	89.286	4,639.866

TIGF				
Month	**Amount Invested (Rs.)** (f)	**Applicable NAV (Rs.)** (g)	**No. of Units Allotted** (h) = [f-g]	**Closing Balance of Units** (i)
1	1000.00	11.0000	90.909	90.909
2	1000.00	11.0920	90.155	181.064
3	1000.00	11.1290	89.855	270.919
4	1000.00	11.2220	89.111	360.030

Note:
The Fund may close an investor's account if the balance falls below the minimum prescribed balance (based on applicable NAV) in the Schemes from which Transfer is proposed to be done due to redemptions or SWP and the investor fails to invest sufficient funds to bring the value of the account to the prescribed minimum (based on applicable NAV) after a written intimation in this regard is sent to the Unitholder.

DIVIDEND TRANSFER PLAN (DTP)

This facility is available to the investors of various dividend plans (except Daily Dividend and Weekly Dividend Plans) of all open-end schemes of Franklin Templeton Mutual Fund (except Franklin India International Fund & Templeton India Cash Management Account).

An investor can select this facility whereby the dividend declared in one Franklin Templeton open–end scheme (Source Scheme) will be automatically invested into any other Franklin Templeton open-end scheme selected by the investor (Destination Scheme).

The unitholder may avail Dividend Transfer Plan (DTP) by completing the application form and submitting the same at any of the ISC / Collection Centres. An DTP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:

- In order to avail the DTP facility, the minimum account balance in the Source Scheme should be Rs.25,000/- except in TISTIP where the same should be Rs.1,00,000/-.
- The frequency of transfer will depend on the dividends declared in the plan of the Source Scheme in which the investment has been made.
- The amount, to the extent of the distribution in the Source Scheme, will be automatically invested in the Destination Scheme at its NAV on the next Business Day for both the schemes and equivalent units will be allotted, subject to the terms and conditions of the Destination Scheme:
  For example: An investor in FTIMIP opts to invest the dividend in FIPP. If the dividend record day is a Wednesday and Thursday is the book closure for FTIMIP, the investor will be allotted units at NAV of Friday. In case Friday is a non – Business Day for either FTIMIP or FIPP, the units will be allotted at the NAV of immediate next Business Day for both the schemes.
- Load: For all DTP purchase transactions, the entry and exit load as applicable for normal purchases shall be applicable [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].
- A DTP may be terminated by the unitholder by giving appropriate written notice.
- The Trustee/AMC reserves the right to modify or discontinue the DTP facility at any time in future on a prospective basis.

It is clarified that the load applicable for a DTP shall be the load prevailing on the date of the respective transfer.

SYSTEMATIC WITHDRAWAL PLAN (SWP)

A Unitholder may establish a Systematic Withdrawal Plan (SWP) in any scheme and receive regular/ quarterly payments from the account. The Unitholder can opt to withdraw a fixed amount or capital appreciation, subject to a prescribed minimum amount per month or per quarter. The Unitholder may avail of SWP by filling up the relevant portion of the transaction statement or by completing an Application Form and sending it to any of the ISCs mentioned at the reverse of this Offer Document.

The amount thus withdrawn by redemption shall be converted into Units at the applicable NAV (which is generally the first business day of the month in which the payment is scheduled), and such Units will be subtracted from the unit balance of that Unit holder.

The unitholder may avail SWP by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount (but not below the specified minimum) by giving written notice to the AMC / Registrar. An SWP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:

This facility is available in all plans and options of the all Schemes, except FIT.

- In order to start the SWP facility, the minimum account balance should be Rs.25,000.
- The frequency can be Monthly or Quarterly
- There are two options available:
  - (a) Fixed amount: A fixed amount can be withdrawn either on the 15th or the last business day of every month/quarter
  - (b) Capital Appreciation: The capital appreciation as on the last business day of the month can be withdrawn.
- Capital Appreciation Option is available only in Growth plans/options of the Schemes.
- Load: For all SWP purchase transactions, the exit load as applicable for normal purchases shall be applicable.
- Minimum withdrawal: Under the Fixed amount option, the minimum withdrawal will be Rs.1,000/-

except for Institutional Plan where the same should be Rs.1 lac and for Super Institutional Plan the same should be Rs.10 lac.
- Where the Start Date of the SWP is not mentioned, then the same shall be deemed to be the first available SWP date depending upon the option chosen by the unitholder, after a period of 7 days after the date of submission of the SWP request.
- This facility is not available for investments under lock-in period.

It is clarified that the load applicable for SWP shall be the load applicable for the respective purchase transaction.

Here is an illustration using hypothetical figures to explain the concept of a Systematic Withdrawal Plan. Let us assume that Mr. ABC has invested Rs.10,000/- and been allotted 1000 units during the initial offer. Subsequently he would like to receive Rs.1000/- for a period of four months, commencing from the beginning of the next month.

Month	Opening Balance of Units	Amount Withdrawn (RS.)	Applicable NAV (RS.)	No. of units redeemed	Closing Balance of Units
1.	1000.000	1000	12	83.333	916.667
2.	916.667	1000	15	66.667	850.000
3.	850.000	1000	9	111.111	738.889
4.	738.889	1000	12	83.333	655.556
Total		4000		344.444	

Note: The Fund may close an investor's account if the balance falls below the prescribed minimum balance (based on applicable NAV) due to redemptions or SWP, and the investor fails to invest sufficient funds to bring the value of the account to the prescribed minimum (based on applicable NAV) after a written intimation in this regard is sent to the Unitholder.

'FRANKLIN TEMPLETON FAMILY SOLUTIONS' FACILITY:
Franklin Templeton Family Solutions ("FS") is a facility offered by FTMF to encourage investors to plan for their investments based on life goals.

The **salient features** of the Franklin Templeton Family Solutions facility are as follows:
(a) Family Solutions is a unique investment solution that helps investors plan for their life goals like retirement, child's future and wealth creation.
(b) To invest under the FS facility, investor will need to undertake a questionnaire called the "Family Solutions Planner" that asks for basic details along with specific question on the goals (such as target amount, investment horizon, anticipated rate of inflation and returns etc.) for which the investor wants to plan. Family Solutions Planner is a software tool, which is available on FTMF's website www.franklintempletonindia.com. Based on the inputs provided by the investor and after considering his/her portfolio style in light on these inputs, a set of schemes of FTMF and the amount of investment towards the goal would be recommended for investment. However, the investor may opt to invest in schemes of his/her choice and such amount as determined by him/her at his/her discretion.
(c) The investor needs to make the application by filling the specified application and transaction forms of the FS facility along with a single cheque/draft for the consolidated amount of investment under the application. Applications accompanied with multiple cheques/drafts will be liable for rejection.
(d) Currently, applications will be accepted only in physical form. Applications through modes such as web based applications, electronic feeds from distributors or stock exchange infrastructure will not be accepted.
(e) Official Points of Acceptance of Transaction for FS applications: FTMF hereby declares all its branch offices [Investor Service Centres (ISC)] as the Official Points of Acceptance of Transactions ("OPAT") for FS applications. Currently, the applications will not be accepted at the Karvy and CAMS Collection Centres.
(f) Irrespective of the amount of investment recommended through the Family Solutions Planner, the minimum investment amount for fresh and additional purchase in each scheme shall be as specified in the respective Scheme Information Document. Eg: If the recommended amount of investment in a scheme is Rs.4,000/- and the minimum investment amount specified in the Scheme information Document of that scheme is Rs.5,000/-, the investor need to invest at least Rs.5,000/- in the scheme.
(g) In case of applications for registration of Systematic Investment Plan (SIP), the mode of payment of SIP instalments should be ECS or Direct Debit. Post dated cheques will not be accepted.
(h) FTMF / the AMC may not accept any request for any changes or modifications in the goal(s) and goal details at any time for whatsoever reason.

(i) The Trustee/AMC reserves the right to change/modify or discontinue the facility at any time in future.

The **Terms and Conditions** of the FS facility are as follows:

1. Family Solutions is a facility offered by Franklin Templeton Mutual Fund to encourage investors to plan for their investments based on life stage goals. However, there is no assurance or guarantee that the goals of the investors will be achieved and the same is subject to the investment performance of the schemes.
2. Setting up the goals, planning of investment and taking informed investment decision might require professional expert advice. As always, investors are best advised to consult their investment/financial advisor prior to taking the investment decisions.
3. The Trustee, the AMC, the Sponsor, their directors, employees, affiliates or representatives shall not be liable for any consequences that may arise in the event any of the schemes is wound up or its features are substantially altered. Investors are requested to review the Scheme Information Document and the features and terms and conditions of the Family Solutions facility carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment.
4. The recommendation given to the investor through the Family Solutions Planner is based on the inputs provided by the investor like anticipated rate of returns and inflation, details about the life goals, and considering the portfolio style of the investor. The portfolio style of the investor is determined in light of the information furnished by the investor in the questionnaire, based on certain pre-determined criteria.
5. The recommended schemes and the investment amount have been derived using established theories on risk and return, after considering various aspects including, but not limited to, the nature of the schemes (such as its investment objectives, investment style and product positioning) and the inputs provided by the investor about his life goals and return/inflation anticipations. It may please be noted that the recommendation may not take into consideration all the material aspects relevant to the investor’s investment decision. It is clarified that the recommendation is not binding on the investor and investor may opt to invest in schemes of his/her choice and such amount as determined by him/her at his/her discretion.
6. The recommendation is based solely on the inputs provided in the questionnaire. Franklin Templeton is not responsible for the accuracy and validity of the information provided by the investor. Also it must be clearly understood that while providing the recommendation, FTMF has neither done a detailed risk profiling of the investor nor has taken into consideration the investor’s full portfolio of investments and various other factors which may be necessary for rendering an investment advice. The recommendation should not be construed as a complete investment advice.
7. Past performance of the schemes is neither an indicator nor a guarantee of future performance, and may not be considered as the basis for future investment decisions.
8. For ongoing tracking of the investment and related advice, the investor needs to contact his/her distributor or investment/financial advisor. Franklin Templeton is not responsible for tracking of the investment vis-à-vis the goal or achievement of the goal or for providing any advice of whatsoever nature in relation to the investment.
9. Mention of goals in the account statement is merely a facility offered for ease and convenience of the investor in tracking the investment, and is based on the information provided by the investor in the Application Form. In case of units subsequently converted in demat form, the account statement of the Beneficiary Account with the Depository Participant (DP) will be sent by the respective DP’s as per their service standards and these statements will not carry the details of the goals.
10. This facility is offered to the investors as per the terms and conditions as may be prescribed by the AMC from time to time and is further subject to the terms of conditions of the Statement of Additional information of Franklin Templeton Mutual Fund and the Scheme Information Document of the respective schemes. The AMC reserves the right to amend the terms and conditions, or to discontinue or modify the facility at any time in future.
11. The views constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the investors. The information or recommendation is not meant to serve as a professional guide for the investors. Whilst due care has been taken to ensure that the facts are accurate and opinions given fair and reasonable, the Sponsor, the AMC, the Trustee or any of their directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information or recommendation. Recipients of this information or recommendation should take informed investment decision after taking into consideration all the material aspects relevant to their investments.
12. Investors should read and understand all scheme related documents like Statement of Additional Information (SAI), Scheme Information Document (SID), Key Information Memorandum (KIM) and the addenda issued form time to time carefully before investing.

ACCOUNTS STATEMENTS

For normal transactions during ongoing sales and repurchase:

- The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted within 5 working days of allotment.
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unitholder may request for a physical account statement by writing / calling us at any of the ISC.

For SIP / STP transactions;

- Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.

Annual Account Statement:

- The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.
- Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

Account statements will be sent either by courier or through the services of the Indian postal department, at the option of the AMC taking into consideration the investor's location so as to provide investors with the best available service. The Account Statement is a record of the transaction in the scheme of Franklin Templeton Mutual Fund. Investors are requested to review the account statement carefully and contact their nearest Investor Service Centre in case of any discrepancy. The contents of the statement will be considered to be correct if no error is reported within 30 days from the date of receipt of the Account Statement.

Dividend

The dividend warrants shall be dispatched or the dividends would be otherwise distributed to the unitholders within 30 days of the date of declaration of the dividend.

Redemption

The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.

Delay in payment of redemption / repurchase proceeds or dividend

The AMC shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

C. PERIODIC DISCLOSURES

Net Asset Value (NAV)

This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.

In case of these schemes, which are open end schemes, the NAV shall be normally calculated for all Business Days and released to the Press.

The Mutual Fund are required to declare the NAV of the Scheme on every Business Day on AMFI's website www.amfiindia.com by 9.00 p.m. (current time limit for uploading NAV as per the SEBI guidelines) and also on our website www.franklintempletonindia.com.

The publishing of NAV and sale and redemption prices as outlined above are as per the prevailing SEBI Regulations and are subject to change from time to time.

Redemption and Sale Prices
While determining the prices of the units, the scheme shall ensure that the repurchase price is not lower that 93% of the Net Asset Value and the sale price is not higher that 107% of the Net Asset Value. Provided further that the difference between the repurchase price and the sale price of the unit shall not exceed 7% calculated on the sale price.

HALF YEARLY DISCLOSURES

Portfolio / Financial Results: This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.

The Fund shall before the expiry of one month from the close of each half year that is on 31st March and 30th September, publish its financial results, containing details specified in Regulation 59 read with Twelfth Schedule of SEBI Regulations, in one English newspaper circulating in the whole of India and in one regional newspaper circulating in the region where the head office of the Fund is situated. In addition, the Scheme shall mail/e-mail (if an e-mail address is provided with the consent of the unitholder) or publish the complete portfolio to the investors before the expiry of one month from 31st March and 30th September each year. These shall also be displayed on the web site of the Mutual Fund and that of AMFI.

ANNUAL REPORT

As required by the SEBI Regulations, the Fund will mail/e-mail (if an e-mail address is provided with the consent of the unitholder), as soon as practical after 31st March each year but not later than four months thereafter, as the Trustee may decide, an abridged scheme-wise annual report to all the unitholders. The full annual report of the Fund will be furnished to the Unitholders upon a written request and will be available at the Head Office of the Investment Manager for inspection. The Fund will make all disclosures required by the SEBI Regulations, including information about the entire portfolio held by the Fund under this Scheme.

Associate Transactions

Please refer to Statement of Additional Information (SAI)

Taxation

This information is provided for general information only and is based on the prevailing tax laws, as applicable in case of this Scheme. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

The following summary outlines the key tax implications applicable to unit holders of this Scheme based on the relevant provisions under the Income-tax Act, 1961 ('the Act') and other applicable taxation laws as amended by the Finance Act, 2011 (collectively called 'the relevant provisions').

A) Tax implications to unitholders under Income Tax Act:

Category of this Scheme:

Please note that as currently defined the Act, FAEF is not an 'equity oriented fund'.

"*Equity oriented fund*" is defined to mean a fund -

- where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund; and
- which has been set up under a scheme of a Mutual Fund specified in section 10 (23D) of the Act.

Tax on income on units:

Tax on income on units other than sale / redemption (including Dividend) – Nil.

Tax on income on sale/redemption of units:

If the units are held as stock-in-trade of a business, the said income will be taxed at the rates at which the normal income of that investor is taxed.

If the units are held as investments, the said income will be taxed as capital gains. In such case, the tax rates applicable will depend on whether the gain on sale of units is classified as a short term capital gain or a long term capital gain. If the units of the scheme are held as a capital asset, for a period of more than 12 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gains. In all other cases, they would be treated as short-term capital assets. The rates of capital gains tax are as follows (applicable to all investors including NRI / PIO/ FII):

Schemes other than equity oriented fund:

Nature of capital gains	Tax rate*
Short-term capital gains	In case of FIIs, 30%. For others, taxed at normal tax rates.
Long- term capital	In case of FIIs, 10% (without indexation). In case of others, 20% (with indexation) or 10% (without indexation), whichever less.

* plus surcharge and education cess as may be applicable.

Equity oriented fund:

Nature of capital gains	Tax rate*
Short-term capital gains	Capital gains tax payable at 15%* [applicable to all investors]
Long- term capital	No capital gains tax payable by any investor.

* plus surcharge, education cess and STT as may be applicable.

Provisions regarding Dividend income and Bonus

Losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months after such date, is disallowed to the extent of income on such units (other than on sale/redemption) claimed as tax exempt.

If an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

Tax Deduction at Source (TDS) in respect of capital gains:

Schemes other than equity oriented fund:

Category of investor	Nature of capital gains	Tax rate*
Resident Investor	Short term / Long term	Nil
Foreign Institutional Investor (FII)	Short term / Long term	Nil
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Short term	30%
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Long term	20%

* plus surcharge and education cess as may be applicable.

Equity oriented fund:

Category of investor	Nature of capital gains	Tax rate*
Resident Investor	Short term / Long term	Nil
Foreign Institutional Investor (FII)	Short term / Long term	Nil
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Short term	15%
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Long term	Nil

* plus surcharge and education cess as may be applicable.

The long term capital gains shall be computed after taking into consideration the indexed cost of acquisition of the units redeemed / repurchased / sold.

All the above non-resident investors may also claim the tax treaty benefits available, if any.

The Mutual Fund would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the Mutual Fund. The penal rate of TDS is 20% or any higher rate of TDS, as may be applicable, plus applicable surcharge and education cess.

Dividend Distribution Tax (DDT)

The Mutual Fund will be required to pay dividend distribution tax ('DDT') as follows on the dividends distributed by this Scheme:

- No DDT to be paid on equity oriented funds;
- DDT to be paid on funds other than equity oriented funds or a money market mutual fund or a liquid fund at the following rates:

<u>For income distributed to any individual or a Hindu Undivided family</u>
at **13.51875%** (including 5% surcharge and 3% education cess) on dividend distributed by a fund other then a money market mutual fund or a liquid fund

<u>For income distributed to any other person</u>
- at **21.63%** (including 5% surcharge and 3% education cess) on dividend distributed for the period 01 April 2011 to 31 May 2011; and
- at **32.445%** (including 5% surcharge and 3% education cess) on dividend distributed for the period 01 June 2011 onwards.

B) Securities Transaction Tax (STT)

No STT is payable on sale (redemption) of units of a fund other than an 'equity oriented fund'. In case of an equity-oriented fund, STT @0.25% is payable on sale (redemption) of units (except in case redemption by any person for, or on behalf of, the New Pension System Trust).

For further details, please refer to the SAI.

INVESTOR SERVICES

To resolve investor queries and grievances, the Fund has set up an Investor Service Cell that ensures prompt response to all investor queries and grievances. For any queries, complaints or grievances, the investor can contact the Investor Service Cell at the following address:

Investor Services, Franklin Templeton Mutual Fund
Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi, Chennai 600096
Tel: 1-800-425 4255 or 6000 4255 (Please prefix the city STD code if calling from a mobile phone. Local call rates apply to both the numbers)
E-mail: service@templeton.com
Ms. Sheela Kartik has been appointed as the Investor Relations Officer of the AMC. She can be contacted at the above address.

COMPUTATION OF NAV

The Net Asset Value (NAV) is the value of a Unit and is computed as shown below:

NAV = **(Rs. Per unit)**	Market Value of the scheme's investments + other assets (including accrued interest) - all liabilities except unit capital & reserves
	Number of units outstanding at the end of the day

The NAV will be normally computed for all Business Days of the Scheme and will be calculated to four decimals using standard rounding criteria.

Valuation of the scheme's assets, calculation of the scheme's NAV and the accounting policies & standards will be subject to such norms and guidelines that SEBI may prescribe from time to time and shall be subject to audit on an annual basis.

05. FEES AND EXPENSES OF THE SCHEME

The information that is provided under this section seeks to assist the investor in understanding the expense structure of the current Scheme and types of different fees and their percentage the investor is likely to incur on purchasing and selling the units of the Scheme.

ANNUAL SCHEME RECURRING EXPENSES:

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below.

The maximum annual recurring expenses that can be charged to the scheme shall be within the limits stated in Regulations 52(6) and subject to a percentage limit of Average Daily / Weekly Net Assets, as mentioned in the table below:

First Rs.100 crore	Next Rs.300 crore	Next Rs.300 crore	Over Rs.700 crore
2.50%	2.25%	2.00%	1.75%

Provided that in case of an index fund scheme, the total expenses of the scheme including the investment and advisory fees shall not exceed 1.5% of the weekly average net assets.

In accordance with the Regulations, the investment management and advisory fee is included within the ongoing expenses stated herein and charged to the scheme and is subject to the following limits:

- On the first Rs. 100 crores of the weekly average net assets: 1.25%
- On the balance of the net assets: 1.00%

Provided that in case of an index fund scheme, the investment and advisory fees shall not exceed 0.75% of the weekly average net assets.

The total expenses of the Scheme including the investment management and advisory fee (together with additional management fee wherever applicable) shall not exceed the limit stated in Regulation 52(6). Any excess over these specified ceilings would be borne by the Asset Management Company.

The Trustee / AMC reserves the right to charge higher operating expenses in relation to investing overseas as and when SEBI permits.

The AMC has estimated the following recurring expenses for the first Rs.100 crores of Average Daily / Weekly Net Assets:

FIIF:

Nature of fees and expenses	**% of Average Weekly Net Assets**
Investment Management Fees	0.75
Custodial Fees	0.10
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption cheques / warrants etc.	0.25
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.25
Fees and Expenses of Trustees+ / Audit Fees	0.05
Costs of fund transfer from location to location	0.05
Others (as permitted under Regulations)	0.05
Total Annual Recurring Expenses	**1.50**

+Trustee Remuneration: Out-of-pocket expenses incurred for attending meetings of the Trustee may be paid separately and may be charged to the fund.

Other Schemes:

Nature of fees and expenses	**% of Average Weekly Net Assets**
Investment Management Fees	1.25
Custodial Fees, expenses related to country registration	0.10
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption	0.30

Nature of fees and expenses	% of Average Weekly Net Assets
cheques / warrants etc.	
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.60
Fees and Expenses of Trustees+ / Audit Fees	0.15
Costs of fund transfer from location to location	0.05
Others (as permitted under Regulations)	0.05
Total Annual Recurring Expenses	**2.50**

+Trustee Remuneration: Out-of-pocket expenses incurred for attending meetings of the Trustee may be paid separately and may be charged to the fund.

The above estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se and types of the expenses charged shall be as per the Regulations.

For the actual Annual Scheme Recurring expenses currently being charged, the investor should refer to the website of the Mutual Fund.

The tables relating to Annual Scheme Recurring Expenses given above and the Load structure given below have been given to the investor to assist him / her in understanding the various costs and expenses that an investor of the scheme will bear directly or indirectly.

Investment management fees are payable monthly in arrears. The direct expenses incurred by each scheme of Franklin Templeton Mutual Fund shall be chargeable to that scheme. The common expenses incurred on various schemes could be allocated to the schemes based on various parameters such as number of unitholders, the size of the corpus / assets, equally or any other basis in conformity with generally accepted accounting principles.

LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please visit Franklin Templeton India's website (www.franklintempletonindia.com) or call at 1-800-425 4255 or 6000 4255 (Please prefix the city STD code if calling from a mobile phone. Local call rates apply to both the numbers) or contact your distributor.

FIT:

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	0%
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

FIIF:

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	1% if redeemed within 30 days of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

Other funds:

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	In respect of each purchase of Units - 1% if the Units are redeemed/switched-out within one year of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase/additional purchase/switches accepted by the Mutual Fund. Similarly, no entry load will be charged with respect to applications for registrations under the Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP) accepted by the Mutual Fund with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.

All the switches / exchanges will be treated as redemption in the source scheme and subscription in the destination scheme, with the entry and exit load as may be applicable. The switches of Units will be considered on First-in-First-Out (FIFO) basis.

The AMC/Trustee reserves the right to modify the Load/Fee mentioned above at any time in future on a prospective basis, subject to the limits prescribed under the SEBI Regulations.

For the information of the investors, any introduction / change of load (including CDSC) in the Scheme may be put up on the website of the Mutual Fund. The addendum detailing the changes may be circulated among the Investor Service Centres / Distributors / Brokers under directions to display it at their respective offices in form of a Notice and attach it to the copies of Scheme Information Documents and Key Information Memorandum (if required) already in stock. The addendum may be published by way of a public notice or advertisement in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. The addendum may also be sent via e-mail to the unitholders who have registered their e-mail i.d. with the Mutual Fund. The load/CDSC may also be disclosed in the account statement issued after the introduction of such load/CDSC.

The investor is requested to check the prevailing load structure of the scheme before investing.

All loads (including CDSC) collected on units shall be retained in the Fund and maintained in a separate account and would strictly and fully be utilised by the Investment Manager in providing distribution related services to the Mutual Fund relating to the sale, promotion, advertising and marketing of Units of the Scheme, including payments to brokers / registrars for their services in connection with the distribution of the Units. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC. In terms of SEBI circular ref. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, effective August 01, 2009, of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Any balance shall be credited to the scheme immediately.

Load on bonus/dividend re-investment units: In terms of SEBI circular SEBI/IMD/CIR No.14/120784/08 dated March 18, 2008, no entry and exit load shall be charged on bonus units or units allotted on reinvestment of dividend.

Trail Fees: The scheme is open for investments by a FOF or a Feeder Fund. In case of direct investments made by the FOF or a Feeder Fund into the underlying funds, the distributors of the FOF or Feeder Fund who mobilise the funds are entitled to the brokerage/trail commission. Accordingly, the brokerage/trail commission would be paid from the underlying fund within the overall expenses that are permitted by the regulations. The underlying fund may pay the brokerage/trail commission either directly to the distributor or to the FOF/Feeder Fund for onward payment to the distributors.

06. RIGHTS OF UNITHOLDERS

Please refer the SAI for details.

07. GENERAL UNITHOLDER INFORMATION

FOLIO / ACCOUNT NUMBER

Every investor will have a Folio number. Within a Folio, an investor will have an account number for each fund or scheme into which he or she invests. The number of Units issued to an investor or redeemed by an investor will be reflected in his or her Account and a statement to this effect will be issued to the Unitholder.

RESPONSE TIMES

The Fund will endeavor to adhere to the following response times with regard to various investor services from the time of receipt of correct and complete request at Franklin Templeton Asset Management (India) Pvt. Ltd., Chennai.

Activity	From date of receipt
Account Statement Mailing/e-mailing	5 working days
Dispatch of redemption proceeds	10 working days
Dispatch of dividend payout	30 days

These response times do not include postal delivery time, acts of God or disruptions beyond the control of the AMC.

SCHEME TO BE BINDING ON THE UNITHOLDERS

The Trustee may, from time to time, add to or otherwise vary or alter all or any of the features, investment plans and terms of this Scheme after obtaining the prior approval of SEBI and the Government of India where necessary and the Unitholders in accordance with the SEBI Regulations, and the same shall be binding on each Unitholder and any person or persons claiming through or under him as if each Unitholder or such person expressly agreed that such features, plans and terms should be so binding.

SCHEME COMPARISON

Fund Name	Product Positioning
Franklin India Opportunities Fund (FIOF)	Takes concentrated stock or sector exposures based on four themes.
Franklin India High Growth Companies Fund (FIHGCF)	Invests in companies/ sectors with high growth rates or above average potential across the market cap range
Franklin India Prima Fund (FIPF)	Invests in mid and small cap stocks.
Franklin Build India Fund (FBIF)	Invests in companies benefiting from the building blocks of the economy – multiple themes (infrastructure, resources, financial services, agriculture and social development).
Franklin India Flexi Cap Fund (FIFCF)	Invests in companies across the market cap range.
Franklin India Taxshield (FIT)	Invests in companies across sectors and market cap range, offering tax benefits under Section 80C of the Income Tax Act.
Franklin India Prima Plus (FIPP)	Primarily a large cap fund with some allocation to small/mid cap stocks that have high long-tem potential.
Franklin India Index Fund (FIIF) - BSE Sensex Plan (BSE) & NSE Nifty Plans (NSE)	Passively managed index fund
Franklin India Bluechip Fund (FIBCF)	Invests in large cap stocks

Fund Name	Product Positioning
Templeton India Growth Fund (TIGF)	Invests predominantly in large cap stocks – a value fund
Templeton India Equity Income Fund (TIEIF)	Focuses on Indian and emerging market stocks - a value fund taking into account dividend yield of stocks
Franklin Asian Equity Fund (FAEF)	Invests in Asian Companies / sectors (excluding Japan) with long term potential across the market cap range.
Franklin India Smaller Companies Fund (FISCF)	Invests primarily in small cap and mid cap companies.
Franklin Infotech Fund (FIF)	Invests in companies in the Information Technology sector
FT India Balanced Fund (FTIBF)	Invests both in stocks and fixed income instruments offering a balanced exposure to the asset classes

08. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

- All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. **- NIL**
- In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed –
  The AMC had allotted equity shares to Franklin Templeton Holding Limited, Mauritius during May 2000. The same was reported to the Reserve Bank of India (RBI) in December 2007. As per the regulations issued under the Foreign Exchange Management Act, 1999 (FEMA), allotment of shares by an Indian company to a non-resident has to be informed to the RBI within 30 days of the allotment. Any delay in reporting allotment is treated as contravention of the FEMA Regulations. The AMC had filed an application with RBI to compound the contravention as provided in the said Regulations. Taking into account the relevant facts and circumstances, a lenient view was taken by RBI and as per the order issued, the AMC has paid a sum of Rs.2.50 Lacs towards compounding.
- Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed **- NIL**
- Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately:
  INTERNATIONAL OPERATIONS
  - Three individual plaintiffs filed a consolidated class action and derivative complaint in the U.S. District Court for the Southern District of Florida, against Templeton Vietnam Opportunities Fund, Inc. (later known as Templeton Vietnam and Southeast Asia Fund, Inc.); Templeton Asset Management, Ltd., an indirect wholly-owned subsidiary of Franklin Resources, Inc. ("FRI") and the investment manager of the closed-end investment company; certain of the fund's officers and directors; FRI; and Templeton Worldwide, Inc., an FRI subsidiary. The plaintiffs in that action, captioned *In re: Templeton Securities Litigation* (Civil Action No. 98-6059) moved to certify a class with respect to certain claims raised in the consolidated complaint. The District Court denied the plaintiffs' motion to certify a class with respect to their claims. Plaintiffs then filed a petition to the Eleventh Circuit Court of Appeals to hear an interlocutory appeal of that decision of the District Court.
    Thereafter, while the petition was pending, an agreement was reached in writing settling the action. Under the terms of the settlement agreement, the plaintiffs and defendants agreed to resolve all claims for $6.5 million, including plaintiffs' attorneys fees and the costs of administering the settlement. On April 3, 2002, the settlement was approved by the District Court. The Fund received $2 million in the settlement, which was reflected in the Fund's net asset value as of April 3, 2002.

The defendants agreed to the settlement to avoid the further expense, inconvenience and distraction of the proceedings in this protracted case. The settlement did not contain, and specifically denies, any admission of wrongdoing or violation of law by any of the defendants.

- Templeton International Inc. is involved from time to time in litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect Franklin Templeton Investments' business or financial position.

INDIAN OPERATIONS

- One of the investors under Templeton India Growth Fund had made investment to the tune of Rs.1,00,00,001/- under Section 54EB of the Income Tax Act, 1961. In accordance with the legal opinion of the counsel of the Fund, the Fund is of the view that investments under Section 54EB of the Income Tax Act, 1961 read with CBDT Notification No.10247 dated December 19, 1996, the units had to be locked-in for a period of seven years from the date of investment. However, the investor had disputed this stand and had filed a writ petition in the High Court of Delhi seeking the direction of the court for premature redemption of units, with Franklin Templeton Mutual Fund as one of the respondents. The Honourable Delhi High Court vide its order dated 3rd August 2000 directed SEBI to dispose of the representation filed by the investor. The investor then filed a representation with SEBI. After hearing the petitioner and the respondents, SEBI rejected the representation vide order dated September 4, 2000 upholding the stand of the Mutual Fund.

  Subsequently, the investor had filed a Memorandum of Appeal with the Securities Appellate Tribunal, Mumbai against the SEBI order dated September 4, 2000. The Tribunal dismissed the appeal vide its order dated February 15, 2001 and upheld the stand of the Mutual Fund. The investor has filed a petition in the Delhi High Court challenging the order of the Securities Appellate Tribunal and challenging the Central Board of Direct Taxes (CBDT) order.
- The AMC is involved from time to time in litigation relating to claims arising in the normal course of business. The Company is of the opinion that the ultimate resolution of such claims will not materially affect its business or financial position.

❑ Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed: **Nil**

The above information has been disclosed in good faith as per the information available to the AMC.

Notwithstanding anything contained in the Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.

This Scheme Information Document is an updated version of the same in line with the current laws/regulations and other developments.

For **FRANKLIN TEMPLETON ASSET MANAGEMENT (INDIA) PVT. LTD.**
Investment Manager: FRANKLIN TEMPLETON MUTUAL FUND

Harshendu Bindal
President

DIRECTORY

Sponsor Templeton International, Inc. 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394 – 3091, USA.	**Investment Manager** Franklin Templeton Asset Management (India) Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	**Trustee** Franklin Templeton Trustee Services Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Registrars Franklin Templeton Asset Management (India) Pvt. Ltd. Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi Chennai 600096	**Legal Advisors** J. Sagar Associates Vakils House 18 Sprott Road, Ballard Estate Mumbai 400 001	**Auditors** S. R. Batliboi & Co. 6th Floor, Express Towers, Nariman Point, Mumbai 400 021
Custodians	**For TIEIF, FAEF, FTIBF & Foreign Securities in other schemes** Citibank, N.A. Plot C/61, Bandra Kurla Complex, 'G' Block, Bandra (East), Mumbai 400051	**For other schemes** Deutsche Bank AG Kodak House, 422 Dr. D. N. Road, Fort, Mumbai 400001

Franklin Templeton Branch Offices (Investor Service Centres)

Name of the Branch	Address
Ahmedabad	202 Abhijit-III, Opp.Mayor's Bunglow, Mithakhali Six Roads Navrangpura, Ahmedabad 380009 Fax: (079) 26462685
Bangalore	11, Niton Compound, Palace Road, Near Mount Carmel College, Entrance from Cunningham Road, Bangalore 560052 Fax: (080) 22385886
Bhubaneswar	77, Kharavel Nagar, Unit III, Janpath, Bhubaneswar 751001 Fax: (0674) 2531026
Chandigarh	S.C.O. 373-374, First Floor, Above HDFC Bank, Sector 35–B, Chandigarh 160022 Fax: (0172) 2622341
Chennai	Century Centre, 75 T.T.K. Road, Alwarpet, Chennai 600018 Fax: (044) 24987790
Cochin (Kochi)	41/418–C, Chicago Plaza, First Floor, Rajaji Road, Ernakulam, Cochin 682035 Fax: (0484) 2373076
Coimbatore	424-C Red Rose Towers, Second Floor, D. B. Road, R. S. Puram, Coimbatore 641002 Fax: (0422) 2470277
Dehradun	Office No. 10, Ground Floor, Shiva Palace, 57/19 Rajpur Road, Dehradun 248001
Hyderabad	First Floor, Amit Plaza, No.6-3-885/7C, Somajiguda Circle, Hyderabad 500082 Fax: (040) 66665770
Indore	101, Starlit Towers, Opp. State Bank of Indore Head Office, 29/1 Y. N. Road, Indore 452001 Fax: (0731) 4201507
Jaipur	250 Ganpati Plaza, M. I. Road, Jaipur 302001 Fax: (0141) 5114178
Jalandhar	BX III 455, Shakti Tower, Upper Basement, Below Vishal Mega Mart, G. T. Road, Jalandhar 144001 Fax: (0181) 5080783
Kanpur	Office No.208-09, 14/113 KAN Chambers Civil Lines, Kanpur 208001 Tel: (0512) 6454091/92

Kolkata	2D & 2E Landmark Building, Second Floor, 228-A, A.J.C. Bose Road, Kolkata 700020 Fax: (033) 22826459
Lucknow	2 Uttam Palace, First Floor, 3 Sapru Marg, Lucknow 226001 Fax: (0522) 2231104/069
Ludhiana	SCO-37, First Floor, Feroze Gandhi Market, Ludhiana 141001 Fax: (0161) 3012101
Madurai	210/20, First Floor, Pechiamman Padithurai Road, Above Kumaran Auto Stores, Madurai 625001 Fax: (0452) 2350144
Mangalore	First Floor, Manasa Towers, M. G. Road, Kodialbail, Mangalore 575003 Fax: (0824) 2493749
Mumbai	(a) Office No. A/31, A/32 & A/35, Third Floor, Mittal Tower – 'A' Wing, Opp. Vidhan Bhavan, Nariman Point, Mumbai 400021 Fax: (022) 22810923 (b) Level 4, East Wing, Wockhardt Towers, Next to NSE, Bandra Kurla Complex Bandra (East), Mumbai 400051 Fax: (022) 56490622 / 27
Nagpur	Shop No. 3 & 4, Ground Floor, Maharshi Shivpad Complex, Plot No. 262, West High Court Road, Bajaj Nagar, Nagpur 440010 Fax: (0712) 2242238
Nasik	S-6, Suyojit Trade Centre, Opp. Rajiv Gandhi Bhavan, Sharanpur Road, Nasik 422002 Fax: (0253) 2574327
New Delhi	F-126, 12th Floor, Himalaya House, Kasturba Gandhi Marg, New Delhi 110001 Fax: (011) 23353213
Patna	505 Ashiana Hariniwas Apartments, Dak Bungalow Road, Patna 800001 Fax: (0612) 2201762
Pune	401, Karan Selene, 187, Bhandarkar Road, Pune 411004 Fax: (020) 25665221
Raipur	244, Second Floor, Rishabh Complex, M. G. Road, Raipur 492 001 Fax: (0771) 4033614
Rajkot	528, 5^{th} Floor, Star Plaza, Phulchhab Chowk, Rajkot 360001 Fax: (0281) 3041207
Salem	214/215, Second Floor, Kandaswarna Shopping Mall, Sarada College Road, Salem 636016 Fax: (0427) 2446854
Surat	HG-29 International Trade Centre, Majura Gate Cross Road Signal, Ring Road, Surat 395002 Fax: (0261) 2473744
Trichy	Arun Arcade, 75/1, First Floor, First Cross, North East Extension, Thillainagar, Trichy 620018 Fax: (0431) 2760013
Vadodara	104-107 Spenta Complex, First Floor, Opposite Pizza Hut, Near Ambedkar Circle, Race Course Road, Vadodara 390007 Fax: (0265) 2356038
Varanasi	4th Floor, Kuber Complex, Rathyatra Crossing, Varanasi 221010 Fax: (0542) 6454370/71
Vijayawada	White House, First Floor, Room # 2, M. G. Road, Vijayawada 520010 2472594 / 5561301 Fax: (0866) 2472594
Visakhapatnam	204, First Floor, Eswar Plaza, Dwaraka Nagar, Visakhapatnam 530016 Fax: (0891) 6666806

National Call Centre:

1800 425 4255 or **6000 4255** (please prefix the city STD code if calling from a mobile phone, Local call rates apply to both the numbers) from 8:00 a.m. to 9:00 p.m., Monday to Saturday.

Collection Centres:

A) Branch Offices of **Karvy Computershare Pvt. Ltd.**

Name of the Branch	Address
Agra (Uttar Pradesh)	17/2/4, Deepak Wasan Plaza, 2nd Floor, Sanjay Place (Behind Holiday Inn), Agra 282002
Anand (Gujarat)	F-6, Chitrangana Complex, Opp. Motikaka Chawl, Vidyanagar Road, Anand 388001
Aurangabad (Maharashtra)	Shop No. 214/215, Tapadiya City Centre, Nirala Bazar, Aurangabad 431001
Bankura (West Bengal)	Ground Floor, Ambika Market Complex, Natunganj, Bankura 722101
Bhavnagar (Gujarat)	Surabhi Mall, 301, 3rd Floor, Waghawadi Road, Bhavnagar 364001
Bhilai (Chattisgarh)	Shop No.138, New Civic Centre, Ramlingam Tank Road, Bhilai 495023 (Dist. Durg)
Bhopal (Madhya Pradesh)	Kay Kay Business Centre, 133, Zone 1, M. P. Nagar, Bhopal 462011
Calicut (Kerala)	IInd Floor, Sowbhagya Shoping Complex, Areyadathupalam, Mavoor Road, Calicut 673004
Chinsurah-Hooghly (West Bengal)	J. C. Ghosh Sarani, Near Bus Stand, Chinsura 712101
Erode (Tamil Nadu)	No. 4, KMY Salai, Veerappan Traders Complex, Opp. Erode Bus Stand, Sathy Road, Erode 638003
Gurgaon (Haryana)	Shop No. 18, Ground Floor, Sector 14, Opp. AKD Tower, Near Huda Office, Gurgaon 122001
Jalgaon (Maharashstra)	148 Navi Peth, Opp. Vijaya Bank, Near Bharat Dudhalay, Jalgaon 425001
Jamnagar (Gujarat)	108 Madhav Plaza, Opp SBI Bank, Near Lal Bangalow, Jamnagar 361001
Korba (Chatisgarh)	1st Floor, 35 Indira Complex, T. P. Nagar, Korba 495677
Pondicherry	First Floor, No.7, Thiayagaraja Street, Pondicherry 605001
Ranchi (Jharkhand)	3rd Floor, Commerce Towers, Beside Mahabir Towers Main Road, Ranchi 834001
Trichur (Kerala)	2nd Floor, Brother’s Complex, Near Dhana Laxmi Bank Head Office, Naikkanal Junction, Trichur 680001
Trivandrum (Kerala)	2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum 695010

B) Branch Office of **Computer Age Management Services Pvt. Ltd.**

Name of the Branch	Address
Ahmedabad (Gujarat)	402-406, 4th Floor, Devpath Building, Off C. G. Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad 380006
Ajmer (Rajasthan)	Shop No.S-5, Second Floor, Swami Complex, Ajmer 305001
Akola (Maharashtra)	Opp. RLT Science College, Civil Lines, Akola 444001
Aligarh (Uttar Pradesh)	City Enclave, Opp. Kumar Nursing Home, Ramghat Road, Aligarh 202001
Allahabad (Uttar Pradesh)	No.7, First Floor, Bihari Bhawan, 3 S.P. Marg, Civil Lines, Allahabad 211001
Amaravati (Maharashtra)	81, Gulsham Tower, Second Floor, Near Panchsheel Talkies, Amaravati 444601
Ambala (Haryana)	Opp. PEER, Bal Bhavan Road, Ambala 134003
Amritsar (Punjab)	378 Majithia Complex, First Floor, M. M. Malviya Road, Amritsar 143001
Ankleshwar (Gujarat)	G-34, Ravi Complex, Valia Char Rasta, G.I.D.C., Ankleshwar, Bharuch 393002
Asansol (West Bengal)	Block – G, First Floor, P. C. Chatterjee Market Complex, Rambandhu Talab, P. O. Ushagram, Asansol 713303
Bangalore (Karnataka)	First Floor, Trade Centre, 45, Dikensen Road (Next to Manipal Centre), Bangalore 560042

Name of the Branch	Address
Bareilly (Uttar Pradesh)	F-62-63, Butler Plaza, Civil Lines, Bareilly 243001
Belgaum (Karnataka)	Tanish Tower, CTS No. 192/A, Guruwar Peth, Tilakwadi, Belgaum 590006
Bharuch (Gujarat)	F-108, Rangoli Complex, Station Road, Bharuch 392001
Bhopal (Madhya Pradesh)	Plot No.13, Major Shopping Centre, Zone-I, M.P.Nagar, Bhopal 462011
Bhuj (Gujarat)	Data Solution, Office No.17, Municipal Building, First Floor, Opp Hotel Prince, Station Road, Bhuj, Kutch 370001
Bilaspur (Chattisgarh)	Beside HDFC Bank, Link Road, Bilaspur 495001
Bokaro (Jharkhand)	Mazzanine Floor F-4, City Centre, Sector 4, Bokaro Steel City , Bokaro 827004
Chennai (Tamil Nadu)	Ground Floor, No.178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai 600034
Cuttack (Orissa)	Near Indian Overseas Bank, Cantonment Road, Mata Math, Cuttack 753001
Davengere (Karnataka)	13, Akkamahadevi Samaj Complex, First Floor, Church Road, P.J. Extension, Davengere 577002
Dhanbad (Jharkhand)	Room No.111, Urmila Towers, First Floor, Bank More, Dhanbad 826001
Dhule (Maharashtra)	H. No. 1793/A, J.B. Road, Near, Tower Garden, Dhule 424 001
Durgapur (West Bengal)	4/2, Bengal Ambuja Housing Development Ltd., Ground Floor, City Centre, , Durgapur 713216
Faridabad (Haryana)	B-49, First Floor, Nehru Ground, Behind Anupam Sweet House, NIT, Faridabad 121001
Ghaziabad (Uttar Pradesh)	113/6, First Floor, Navyug Market, Ghaziabad 201001
Gorakhpur (Uttar Pradesh)	Shop No. 3, Second Floor, The Mall, Cross Road, A.D. Chowk, Bank Road, Gorakhpur 273001
Guntur (Andhra Pradesh)	Door No 5-38-44, 5/1 Brodipet, Near Ravi Sankar Hotel, Guntur 522002
Guwahati (Assam)	A.K. Azad Road, Rehabari, Guwahati 781008
Gwalior (Madhya Pradesh)	First Floor, Singhal Bhavan, Daji Vitthal Ka Bada, Old High Court Road, Gwalior 474001
Hosur (Tamil Nadu)	Shop No.8, J. D. Plaza, Opp. TNEB Office, Royakotta Road, Hosur 635109
Howrah (West Bengal)	Gagananchal Shopping Complex, Shop No.36 (Basement), 37 Dr. Abani Dutta Road, Salkia, Howrah 711106
Hubli (Karnataka)	206 & 207, First Floor, 'A' Block, Kundagol Complex, Opp. Court, Club Road, Hubli 580029
Hyderabad (Andhra Pradesh)	102, Jade Arcade, First Floor, Paradise Circle, Secunderabad 500003
Jabalpur (Madhya Pradesh)	975, Chouksey Chambers, Near Gitanjali School, 4th Bridge, Napier Town, Jabalpur 482001
Jammu (Jammu & Kashmir)	660 Gandhi Nagar, Jammu 180004
Jaunpur (Uttar Pradesh)	248, Fort Road, Near Amber Hotel, Jaunpur 222001
Jamshedpur (Jharkhand)	Millennium Tower, "R" Road, Room No:15, First Floor, Bistupur, Jamshedpur 831001
Jodhpur (Rajasthan)	1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur 342003
Junagadh (Gujarat)	Circle Chowk, Near Choksi Bazar Kaman, Junagadh 362001
Kadapa (Andhra Pradesh)	Door No.1-1625, DNR Laxmi Plaza, Opp. Rajiv Marg, Railway Station Road, Yerramukkapalli, Kadapa 516 004
Karur (Tamil Nadu)	No. 904, First Floor, West to Taluk Office, Jawahar Bazaar, Karur 639001
Kharagpur (West Bengal)	H.No.291/1, Ward No-15, Malancha Main Road, Opposite UCO Bank, Kharagpur 721301

Name of the Branch	Address
Kolhapur (Maharashtra)	Office No.7, AMD Sofex, Third Floor, Ayodhya Towers, Station Road, Kolhapur 416001
Kolkata (West Bengal)	(a) Ground Floor, LORDS Building, 7/1 Lord Sinha Road, Kolkata 700071 (b) 33 C. R. Avenue, 2nd Floor , Room No.13, Kolkata 700012 (Timing: 12:00 pm to 3:00 pm)
Kollam (Kerala)	Kochupilamoodu Junction, Near VLC, Beach Road, Kollam 691001
Kota (Rajasthan)	B-33 'Kalyan Bhawan, Triangle Part ,Vallabh Nagar, Kota 324007
Kottayam (Kerala)	Door No. IX / 1276, Amboorans Building, Manorama Junction, Kottayam 686001
Mapusa (Goa)	Office no.CF-8, 1st Floor, Business Point, Above Bicholim Urban Co-op Bank, Angod, Mapusa 403507
Margao (Goa)	1st Floor, Virginkar Chambers, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao 403601
Meerut (Uttar Pradesh)	108, First Floor Shivam Plaza, Opposite Eves Cinema, Hapur Road, Meerut 250002
Mehsana (Gujarat)	1st Floor, Subhadra Complex, Urban Bank Road, Mehsana 384002
Moradabad (Uttar Pradesh)	B-612 'Sudhakar', Lajpat Nagar, Moradabad 244001
Mumbai (Maharashtra)	(a) Rajabahdur Compound, Ground Floor, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai 400023 (b) 1, Skylark, Ground Floor, Near Kamgar Kalyan Kendra & B.M.C. Office, Azad Road, Andheri (East), Mumbai 400069
Muzzafarpur (Bihar)	Brahman Toli, Durgasthan, Gola Road, Muzaffarpur 842001
Mysore (Karnataka)	No.1, First Floor, CH.26, 7th Main, 5th Cross (Above Trishakthi Medicals), Saraswati Puram, Mysore 570009
Navsari (Gujarat)	Dinesh Vasani & Associates, 103 Harekrishna Complex, Above IDBI Bank, Near Vasant Talkies, Chimnabai Road, Navasari 396445
Nellore (Andhra Pradesh)	97/56, Immadisetty Towers, First Floor, Ranganayakulapet Road, Santhapet, Nellore 524001
New Delhi	304-305, III Floor, Kanchenjunga Building, 18 Barakhamba Road, Cannaugt Place, New Delhi 110001
Noida (Uttar Pradesh)	B-20. Sector 16, Near Metro Station, Noida 201301
Panipat (Haryana)	83, Devi Lal Shopping Complex, Opp. ABN Amro Bank, G.T.Road, Panipat 132103
Panjim (Goa)	No.108, First Floor, Gurudutta Bldg, Above Weekender, M. G. Road, Panaji 403001
Patiala (Punjab)	35 New Lal Bagh Colony, Patiala 147001
Pune (Maharashtra)	Office No.6, First Floor, Nirmiti Eminence, Opp. Abhishek Hotel, Mehandale Garage Road, Erandawane, Pune 411004
Rajahmundry (Andhra Pradesh)	Cabin 101, D.no 7-27-4, First Floor, Krishna Complex, Baruvari Street, T. Nagar, , Rajahmundry 533101
Ratlam (Madhya Pradesh)	Dafria & Co., 81, Bajaj Khanna, Ratlam 457001
Rourkela (Orissa)	First Floor, Mangal Bhawan Phase II , Power House Road, Rourkela 769001
Saharanpur (Uttar Pradesh)	1st Floor, Krishna Complex, Opp. Hathi Gate, Court Road, Saharanpur 247001
Salem (Tamil Nadu)	No.2, First Floor, Vivekananda Street, New Fairlands, Salem 636016
Satara (Maharashtra)	Sargam Apartment, 117/A/3/22, Shukrawar Peth, Satara 415002
Shimla (Himachal Pradesh)	First Floor, Opp. Panchayat Bhawan Main gate, Bus Stand, Shimla 171001
Shimoga (Karnataka)	Nethravathi, Near Gutti Nursing Home, Kuvempu Road, Shimoga 577201
Siliguri (West Bengal)	No. 8, Swamiji Sarani, Ground Floor, Hakimpara , Siliguri 734001
Shillong (Meghalaya)	First Floor, LDB Building, G. S. Road, Shillong 793001
Solapur (Maharashtra)	4, Lokhandwala Tower, 144, Sidheshwar Peth, Near Z.P., Opp. Pangal High School, Solapur 413001

Name of the Branch	Address
Thane (Maharashtra)	3rd Floor, B Wing, Nalanda Chambers, Gokhale Road, Near Hanuman Temple, Naupada, Thane (West) 400602
Tirunelveli (Tamil Nadu)	First Floor, Mano Prema Complex, 182/6, S.N. High Road, Tirunelveli 627001
Tirupathi (Andhra Pradesh)	Shop No.14, Boligala Complex, 1st Floor, Door No.18-8-41B, Near Leela Mahal Circle, Tirumala Byepass Road, Tirupathi 517501
Tirupur (Tamil Nadu)	1(1), Binny Compound, II Street, Kumaran Road, Tirupur 641601
Udaipur (Rajasthan)	32 Ahinsapuri, Fatehpura Circle, Udaipur 313004
Valsad (Gujarat)	Ground Floor, Yash Kamal – 'B', Near Dreamland Theater, Tithal Road, Valsad 396001
Vapi (Gujarat)	215-216, Heena Arcade, Opp. Tirupati Tower, Near G.I.D.C, Char Rasta, Vapi 396195
Vellore (Tamil Nadu)	No.54, First Floor, Pillaiyar Koil Street, Thotta Palayam, Vellore 632004
Warangal (Andhra Pradesh)	F13, 1st Floor, BVSS Mayuri Complex, Opp. Public Garden, Lashkar Bazaar, Hanamkonda, Warangal 506001

SCHEME INFORMATION DOCUMENT

CONTINUOUS OFFER

Offer for units on an ongoing basis at NAV based prices

<u>Open – end Income Funds</u>

Templeton India Income Fund
Templeton India Income Builder Account
Templeton India Short Term Income Plan
Templeton India Ultra-short Bond Fund
Templeton Floating Rate Income Fund
Templeton India Government Securities Fund
Templeton India Low Duration Fund
FT India Monthly Income Plan (with no assured returns)
Templeton India Income Opportunities Fund

<u>Open – end Liquid Fund</u>

Templeton India Treasury Management Account

Mutual Fund	:	Franklin Templeton Mutual Fund
Asset Management Company	:	Franklin Templeton Asset Management (India) Pvt. Ltd.
Trustee Company	:	Franklin Templeton Trustee Services Pvt. Ltd.
Sponsor	:	Templeton International, Inc. (USA)
Address	:	Level 4, East Wing, Wockhardt Towers Bandra – Kurla Complex, Bandra (East), Mumbai 400051
Website	:	www.franklintempletonindia.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with the Securities and Exchange Board of India (SEBI), along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document (SID) sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Please retain this SID for future reference. Before investing, investors should also ascertain about any further changes to this SID after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

This SID shall remain effective until a 'material change' (other than a change in fundamental attributes and within the purview of the SID) occurs and thereafter changes shall be filed with SEBI and communicated to the investors or publicly notified by advertisements in the newspapers, subject to the applicable Regulations.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Franklin Templeton Mutual Fund, Tax and Legal issues and general information available on our website www.franklintempletonindia.com.

The SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Franklin Templeton Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated June 29, 2011.

CONTENTS

01. HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Scheme	**Templeton India Income Fund (TIIF)**
Nature of the Scheme	An Open-end Income Fund
Investment Objective	The primary investment objective of the Scheme is to generate a steady stream of income through investment in fixed income securities.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment and Payout Options). All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase -** Rs.10,000/-. **Additional Purchase -** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: Nil Exit Load: In respect of each purchase of Units - 0.50% if redeemed within 6 months of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Composite Bond Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Income Builder Account (TIIBA)**
Nature of the Scheme	An Open-end Income scheme.
Investment Objective	The investment objective of the Scheme is primarily to provide investors Regular income under the Dividend Plan and Capital appreciation under the Growth Plan. It is a scheme designed for investors seeking regular returns in the form of dividends or capital appreciation. Investing in quality bonds and debentures, the scheme has an active management style that emphasizes quality of debt, tapping opportunities from interest rate changes and deriving maximum value by targeting undervalued sectors.
Plans & Options	**Plan A** and **Plan B** Each Plan offers choice of Growth Plan (GP), Bonus Plan (BP), Annual Dividend Plan (AD), Half-yearly Dividend Plan (HD),

	Quarterly Dividend Plan (QD) and Monthly Dividend Plan (MD) The Dividend Plans further offer choice of Reinvestment and Payout Options. All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – Plan A:** Rs. 50,00,001/-, **Plan B:** MD/QD - Rs.25,000/-, HD/AD/GP/BP – RS.10,000/-. **Additional Purchase –** Plan A & B: Rs.1,000/- **Redemption:** Rs.1,000/-. Fresh/additional purchase (including switch-in) by an investor on a single day in Plan B will be allowed / accepted only up to Rs.50 Lacs per application. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry – Nil; Exit – In respect of each purchase of Units: 0.50% if redeemed within 6 months of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Composite Bond Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Short-Term Income Plan (TISTIP)**
Nature of the Scheme	An Open-end Income scheme.
Investment Objective	The objective of the Scheme is to provide investors stable returns by investing in fixed income securities.
Plans & Options	• **Retail Plan** with Growth Option , Bonus Option, Weekly Dividend Option (with Reinvestment facility only), Monthly Dividend Option (with Reinvestment and Payout facility) and Quarterly Dividend Option (with Reinvestment and Payout facility) • **Institutional Plan** with Growth Option, Weekly Dividend Option (with Reinvestment facility only) and Monthly Dividend Option (with Reinvestment and Payout facility) All the plans have a common portfolio. The face value of the Units is Rs.1000 each.
Minimum Amount	**Subscription: Fresh Purchase –Retail:** Rs.5,000/-, **Institutional:** Rs.5 crore, **Additional Purchase - Retail:** Rs.5,000/-, **Institutional:** Rs.1 crore **Redemption: Retail:** Rs.1,000/-, **Institutional:** Rs.1 Lac. The amount for subscription and redemption in excess of the

	minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: Nil Exit: In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 9 months of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Short Term Bond Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Ultra-short Bond Fund (TIUBF)**
Nature of the Scheme	An Open-end Income scheme
Investment Objective	To provide a combination of regular income and high liquidity by investing primarily in a mix of short term debt and money market instruments.
Plans & Options	**Retail Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option. **Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option. **Super Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – Retail Plan:** Rs.10,000/-, **Institutional Plan:** Rs.1 Crore, Super Institutional Plan: Rs.5 Crores. **Additional Purchase – Retail Plan:** Rs.1,000/-, **Institutional Plan:** Rs.1 Lac, **Super Institutional Plan:** Rs.5 Lacs. **Redemption: Retail Plan:** Rs.1,000/-, **Institutional Plan:** Rs.1 Lac, **Super Institutional Plan:** Rs.10 Lacs. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry – Nil; Exit – Nil.

Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Liquid Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton Floating Rate Income Fund (TFIF)**
Nature of the Scheme	An Open-end Income scheme.
Investment Objective	The Primary objective of the Scheme is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate return, and also fixed rate instruments and money market instruments.
Plans & Options	- **Retail Plan** with Growth Option and Dividend Option (with Reinvestment & Payout Facility) - **Institutional Plan** with Growth Option & Dividend option (with Reinvestment & Payout facility) - **Super Institutional Plan** with Growth Option and Daily Dividend Option (Reinvestment Facility only) The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – Retail:** Rs.10,000/-, **Institutional:** Rs.1 crore, **Super Institutional:** Rs.5 crores. **Additional Purchase - Retail:** Rs.1,000/-, **Institutional:** Rs.1 Lac, **Super Institutional:** Rs.5 Lacs. **Redemption: Retail:** Rs.1,000/-, **Institutional:** Rs.1 lac, **Super Institutional:** Rs.10 lacs. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: Nil Exit: In respect of each purchase of Units – 0.25% if redeemed within 7 days of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Liquid Fund Index
Transparency /	• The NAV will be calculated for every Business Day and released to the press.

Disclosure	• NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Government Securities Fund (TGSF)**
Nature of the Scheme	An Open-end dedicated Gilts scheme.
Investment Objective	The Primary objective of the Scheme is to generate credit risk-free return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest.
Plans & Options	• **Composite Plan** (CP) with Growth Option and Dividend Option • **Long Term Plan** (LT) with Quarterly Dividend Option (with Reinvestment & Payout Facility), Growth Option and Bonus Option • **PF Plan** (PF) with Growth Option and Dividend Option • **Treasury Plan** (TP) with Growth Option and Dividend Option Composite Plan and PF Plan have a common portfolio. Long Term Plan and Treasury Plan have separate portfolios. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – CP & LT:** Growth Option - Rs.10,000/-. Dividend Option - Rs.25,000/-. **TP:** Rs.5,000/-. **PF:** Rs.25,000/-. **Additional Purchase - CP & LT:** Rs.1,000/-. **TP & PF:** Rs.5,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry - Nil; CDSC – CP & PF: In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 3 months of allotment; LT & TP: Nil.
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	I-Sec Composite Index (CP/PF) I-Sec Li-BEX (LT), I-Sec Si-BEX (TP)
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Low Duration Fund (TILDF)**
Nature of the Scheme	An Open-end Income Fund
Investment Objective	The objective of the Scheme is to earn regular income for investors through investment primarily in highly rated debt securities.
Plans & Options	Monthly Dividend Plan (MD), Quarterly Dividend Plan (QD) and Growth Plan (GP). The Dividend Plans further offer Reinvestment and Payout Options. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – MD & QD:** Rs.25,000/-. **GP:** Rs.10,000/-. **Additional Purchase - MD & QD:** Rs.5,000/-. **GP:** Rs.1,000/-. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry: Nil CDSC: In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 3 months of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Short-Term Bond Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**FT India Monthly Income Plan (FTIMIP)**
Nature of the Scheme	An Open-end Income scheme (with no assured returns)
Investment Objective	The investment objective of the scheme is to provide regular income through a portfolio of predominantly high quality fixed income securities with a maximum exposure of 20% to equities.
Plans & Options	**Plan A** and **Plan B** Each Plan offers choice of Growth Plan (GP), Bonus Plan (BP), Quarterly Dividend Plan (QD) and Monthly Dividend Plan (MD) The Dividend Plans further offer choice of Reinvestment and Payout Options. All the plans have a common portfolio. The face value of the Units is Rs.10 each.
Minimum Amount	**Subscription: Fresh Purchase – Plan A:** MD/QD - Rs. 40,000/-, GP/BP – Rs.20,000/- **Plan B:** MD/QD - Rs.25,000/-, GP/BP – RS.10,000/-. **Additional Purchase –** Plan A & B: Rs.1,000/- **Redemption:** Rs.1,000/-.

	The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Plan A and Plan B: Entry – Nil Exit - In respect of each purchase of Units - 1% if the Units are redeemed/ switched-out within one year of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil MIP Blended Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Income Opportunities Fund (TIIOF)**
Nature of the Scheme	An Open-end Income Fund
Investment Objective	The Fund seeks to provide regular income and capital appreciation by investing in fixed income securities across the yield curve.
Plans & Options	**Growth Plan** and **Dividend Plan** (with Reinvestment and Payout Options).
Minimum Amount	**Subscription: Fresh Purchase -** Rs.5,000/-. **Additional Purchase -** Rs.1,000/-. Fresh/additional purchase (including switch-in) by an investor on a single day in each Plan will be allowed / accepted only up to Rs.5 crores per application. **Redemption:** Rs.1,000/-. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry Load – Nil; Exit Load – In respect of each purchase of Units: • 3% if redeemed within 6 months from the date of allotment • 2% if redeemed after 6 months but within 12 months from the date of allotment • 1% if redeemed after 12 months but within 18 months from the date of allotment
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.

Benchmark	Crisil Short Term Bond Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. • NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Name of the Scheme	**Templeton India Treasury Management Account (TITMA)**
Nature of the Scheme	An Open-end Liquid scheme
Investment Objective	The investment objective of the scheme is to provide current income along with high liquidity.
Plans & Options	**Regular Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Liquid Plan** Offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Super Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. All the plans have a common portfolio. The face value of the Unit is Rs.1,000/- (Rupees One Thousand).
Minimum Amount	**Subscription: Fresh Purchase – Liquid Plan / Regular Plan:** Rs.10,000/- (Rs.25 Lacs for Weekly Dividend Payout option) **Institutional Plan:** Rs.1 Crore, **Super Institutional Plan:** Rs.5 Crores. **Additional Purchase – Liquid Plan / Regular Plan:** Rs.1,000/- (Rs.1 Lac for Weekly Dividend Payout option), **Institutional Plan:** Rs.1 Lac, **Super Institutional Plan:** Rs.5 Lac. **Redemption: Liquid / Regular Plan:** Rs.1,000/-, **Institutional Plan:** Rs.1 Lac, **Super Institutional Plan:** Rs.10 Lacs. The amount for subscription and redemption in excess of the minimum amount specified above is any amount in multiple of Re. 1/-.
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load
Load Structure*	Entry / Exit – Nil
Liquidity	The Scheme is open for repurchase/redemption on all Business Days. The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.
Benchmark	Crisil Liquid Fund Index
Transparency / Disclosure	• The NAV will be calculated for every Business Day and released to the press. Being a liquid fund, the NAV will be calculated for every calendar day.

	• NAV will be calculated up to four decimal places using standard rounding criteria. • The Fund would publish the half-yearly and annual results as per the SEBI Regulations. • Full Portfolio disclosure every half-year as per the SEBI Regulations.

*The Trustee / AMC reserve the right to modify / change the load structure on a prospective basis.

Note: In case of Institutional Plan and Super Institutional Plan under the scheme, only RTGS Transfer / Transfer cheque to the Fund's Account or switches/transfers from other Franklin Templeton Schemes/Plans as per the cut off time of the fund, will be accepted as a mode of subscription.

02. INTRODUCTION

A. RISK FACTORS

STANDARD RISK FACTORS

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- Past performance of the sponsors / the asset management company / mutual fund does not indicate or guarantee the future performance of the scheme of the mutual fund.
- There is no assurance or guarantee that the objective of the mutual fund will be achieved.
- The names of the scheme do not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1 lakh made by it towards setting up the Fund.
- Investors in the Scheme are not being offered any guaranteed / assured returns.
- There is no guarantee or assurance on the frequency or quantum of dividends (which shall be at the discretion of the AMC/Trustee and also depend on the availability of adequate distributable surplus) although there is every intention to declare dividends in Dividend Plan.

SCHEME SPECIFIC RISK FACTORS

1. The performance of the scheme may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in the securities markets.
2. Low trading volumes, settlement periods and transfer procedures may restrict the liquidity of the scheme's investments. Transacting may become difficult due to extreme volatility in the market resulting in constriction in volumes. Additionally, changes in the SEBI/ RBI regulations/Guidelines may have an adverse impact on the liquidity of the scheme. Different segments of the Indian financial markets have different settlement periods, and such period may be extended significantly by unforeseen circumstances. The length of time for settlement may affect the Scheme in the event the Scheme has to meet an inordinately large number of redemption requests. In addition, the Trustee at its sole discretion reserves the right to limit or withdraw sale and/or repurchase/redemption and/or switching of the units in the scheme (including any one of the Plans of the scheme) temporarily or indefinitely under certain circumstances. For details refer the Section '**Right to limit redemptions'.** The scheme will retain certain investments in cash or cash equivalent for the day to day liquidity requirements.
3. Interest rate risk: This risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of debt instruments. Consequently, the Net Asset Value of the scheme may be subject to fluctuation. Changes in the interest rates may affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby possible movements in the NAV. This may expose the schemes to possible capital erosion.
4. Credit risk or default risk: This refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Default risk / credit

risk arises due to an issuer's inability to meet obligations on the principal repayment and interest payments. Because of this risk corporate debentures are sold at a yield above those offered on Government Securities, which are sovereign obligations and free of credit risk. Normally the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

5. Market risk: This risk arises due to price volatility due to such factors as interest sensitivity, market perception or the credit worthiness of the issuer and general market liquidity, change in interest rate expectations and liquidity flows. Market risk is a risk which is inherent to investments in securities. This may expose the schemes to possible capital erosion.
6. Reinvestment risk: This risk refers to the interest rate levels at which cash flows received for the securities in the Scheme is reinvested. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate. The additional risk from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
7. Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market. In case of TIIOF, the scheme is likely to concentrated exposure to a particular asset class. Some of these asset classes may experience lower liquidity. E.g. historically, the securitized debt securities segment has witnessed low liquidity. This could lead to higher costs for secondary market trading, if the fund witnesses volatile flows.
8. Risks of investing in floating rate debt instruments or fixed rate debt instruments swapped for floating rate return:
   a. **Interest rate movement (Basis Risk):** As the fund will invest in floating rate instruments, these instruments' coupon will be reset periodically in line with the benchmark index movement. Normally, the interest rate risk of a floating rate instrument compared to a fixed rate instrument is limited. The changes in the prevailing rates of interest will likely affect the value of the Scheme's holdings until the next reset date and thus the value of the Schemes' Units. Increased rates of interest, which frequently accompany inflation and / or a growing economy, are likely to have a negative effect on the value of the Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement.
   b. **Spread Movement (Spread Risk):** Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments.
   c. **Settlement Risk (Counterparty Risk):** The floating rate assets may also be created by swapping a fixed return to a floating rate return. In such a swap, there may be an additional risk of counterparty who will pay floating rate return and receive fixed rate return.
9. Certain fixed income securities give an issuer the right to call its securities, before their maturity date, in periods of declining interest rates. The possibility of such pre-payment risk may force the fund to re-invest the proceeds of such investments in securities offering lower yields, there by reducing the fund's interest income.
10. The scheme may invest in non-publicly offered debt securities. This may expose the scheme to liquidity risks.
11. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
12. Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investments in Securitised Debts. e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with Recourse will have a lower Credit Risk than a Bond without Recourse. Underlying Assets in Securitised Debt may be the Receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit

Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (*PAC),* Principal Only Class Tranches (*PO)* and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cashflows that the investor receives in the securitised paper.

13. Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure
14. Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
15. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the scheme.

Risks associated with derivatives

16. Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
17. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
18. Interest rate swaps require the maintenance of adequate controls to monitor the transactions entered into, the ability to asses the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honor its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.
19. The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
20. The Stock Exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

Risks associated with equity investment (applicable to TIIBA and FTIMIP)

21. The scheme proposes to invest in equity and equity-related securities. Trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity-related securities.
22. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges.
23. Risk will be monitored in terms of the number of days it takes to liquidate every stock in the portfolio assuming a share of the average volume traded over the previous one year. Efforts would be made to keep the average liquidation period under prudent limits prescribed internally.
24. The scheme may invest up to 5% of its net assets in unlisted equity and equity related instruments and invest in non-publicly offered debt securities, which could affect the liquidity of the scheme.

25. Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of disinvestment.

Risks associated with Securities Lending

26. Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

Risks associated with Short-selling of Securities

27. Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact fund pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house.

Risks associated with overseas investment

28. To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
29. **Currency Risk:** The fund may invest in overseas mutual fund / foreign securities as permitted by the concerned regulatory authorities in India. Since the assets will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuations in the value of the foreign currencies relative to the Indian Rupee.
30. **Country Risk:** The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.

Risk Mitigation Factors:

- Interest Rate Risk: In case of income (debt) schemes, the Fund seeks to mitigate this risk by keeping the maturity of the schemes in line with the interest rate expectations. In case of TIIOF, the Fund seeks to mitigate this risk by maintaining a low to medium portfolio maturity. In case of liquid schemes, the maturity of such scheme is low as these schemes can only invest in securities with up to 91 days maturity.
- Credit risk or default risk: The Fund would predominantly invest in high investment grade fixed income securities rated by SEBI registered credit rating agencies. In case of TIIOF, the scheme may predominantly invest in AA / A rated securities which carry a higher credit risk compared to AAA rated securities. These securities carry relatively higher possibility of a default. However, the historical default rates for investment grade securities (BBB and above) have been low.
- Reinvestment Risk: Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value.
- The schemes may take positions in interest rate derivatives to hedge market/interest rate risks.
- Liquidity or Marketability Risk: The fund will endeavour to minimise liquidity risk by investing in securities having a liquid market. In case of TIIOF, the Fund is looking to mitigate this risk by restricting single investments to Rs.5 crores per day per application and through a higher exit load, which discourages short term flows.

B. REQUIREMENT OF MINIMUM NUMBER OF INVESTORS

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

- Investment decisions made by the Investment Manager will not always be profitable or prove to be correct. Accordingly, the scheme is not intended as a complete investment program.
- A Unitholder may invest in the scheme and acquire a substantial portion of the scheme units. The repurchase of units by the Unitholder may have an adverse impact on the units of the schemes, because the timing of such repurchase may impact the ability of other Unit holders to repurchase their units.
- Prospective investors should review / study this SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/ investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of Units within their jurisdiction / of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed Funds to be used to purchase/gift Units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding Units before making an application for Units.
- Neither this Scheme Information Document nor the units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this Scheme Information Document in certain jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this Scheme Information Document or any accompanying application form in such jurisdiction may treat this Scheme Information Document or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.
- No person has been authorised to give any information or to make any representations not confirmed in this Scheme Information Document in connection with this Offer or the issue of Units, and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund, the Investment Manager. Neither the delivery of this Scheme Information Document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the close of the Initial Offering Period. The Investor is requested to check the credentials of the individual/firm he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund/Trustee or the AMC shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.

D. DEFINITIONS

For the purpose of this Scheme Information Document, unless the context otherwise requires, the following terms shall have the following meanings:

Applicable NAV	"Applicable NAV" is the Net Asset Value per unit applicable for the transaction (subscription / redemption / switch) based on the day and time on which the application is accepted at any ISC / Collection Centre, as evidenced by the electronic date / time stamp affixed at the ISC or Collection Centre.
Business Day	A day other than: (i) Saturday and Sunday; (ii) a day on which the banks in Mumbai and/or RBI are closed for business / clearing (except for FTIMIP); (iii) a day on which The Bombay Stock Exchange Ltd. (BSE) and/or the National Stock Exchange of India Ltd. (NSE) are closed for business (applicable to FTIMIP); (iv) a day on which the money markets are closed/not accessible (applicable to TITMA); (v) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time; (vi) a day on which sale and repurchase of units is suspended by the AMC; (vii) A day on which register of unitholders is closed; (viii) a day which is a holiday/non-working day at an ISC or a Collection Centre. However, it will be non business day for that location only. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all ISCs or Collection Centres.
CDSC	Contingent Deferred Sales Charge
Entry / Sales Load	Load on subscriptions / purchases
Exit / Redemption Load	Load on redemption / repurchase other than CDSC
Equity linked instruments	Convertible bonds / debentures, warrants including warrants carrying the right to obtain shares, shares of different classes including preference shares, Foreign Currency Convertible Bonds (FCCB), Depository Receipts etc.
ISC	Investor Service Centre of the Asset Management Company
Collection Centres	The location (other than ISC) that is declared as an Official Point of Acceptance for all transactions but where no Investor or Distributor services are offered. These locations would only accept and acknowledge transactions as per SEBI guidelines.
Feeder Fund	Feeder Fund means any Foreign Institutional Investor (FII) through their sub-account or any scheme/fund/portfolio established in India or otherwise that invests primarily in the schemes of Franklin Templeton Mutual Fund.
Foreign Securities	Depository Receipts (DR) / Foreign Currency Convertible Bond (FCCB) issued by Indian companies, shares of different classes / stocks / warrants / DRs of overseas companies, foreign debt securities (short term as well as long term debt instruments – convertible or non convertible), foreign government securities, units/securities issued by overseas mutual funds or unit trusts, overseas exchange traded funds (ETFs), foreign derivatives and such other overseas financial assets/instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.
G–7	The Group of seven developed nations comprising The United States of America, The United Kingdom, Canada, Japan, France, Italy, and Germany.
Gilt / Government Securities	As defined under Section 2(b) of the Securities Contracts (Regulation) Act, 1956, Government Security means a security created and issued, whether before or after the commencement of this Act, by the Central Government or a State Government for the purpose of raising a public loan and having one of the forms specified in clause (2) of Section 2 of the Public Debt Act, 1944.
Money Market Instruments	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of

	deposit, usance bills, (repos / reverse repos), CBLO and any other like instruments as specified by the Reserve Bank of India from time to time including mibor linked securities, call products having unexpired maturity up to one year.
NAV	Net Asset Value of the Units of each respective Scheme
SAI	Statement of Additional Information of Franklin Templeton Mutual Fund
Scheme Information Document	The document issued by Franklin Templeton Mutual Fund offering units of each respective Scheme
Repo / Reverse Repo	Sale/Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.
Scheme(s)	Templeton India Income Fund, Templeton India Income Builder Account, Templeton India Short Term Income Plan, Templeton India Ultra-short Bond Fund, Templeton Floating Rate Income Fund, Templeton India Government Securities Fund, Templeton India Low Duration Fund, FT India Monthly Income Plan, Templeton India Income Opportunities Fund and Templeton India Treasury Management Account
Unit	The interest of an investor, which consists of, one undivided shares in the Net Assets of each respective Scheme
Unitholder	A person holding Units in each respective Scheme

Words and expression used but not defined in this Scheme Information Document shall have the same meaning respectively assigned to them under the Statement of Additional Information.

In this SID, all references to “U.S.$” or “$” are to United States of America Dollars and “Rs.” are to Indian Rupees.

E. DUE DILIGENCE CERTIFICATE

Combined Scheme Information Document – Open end Income and Liquid Funds

It is confirmed that:

i. the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
ii. the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
iii. the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Shilpa Shetty
Compliance Officer

Date: June 29, 2011
Place: Mumbai

03. INFORMATION ABOUT THE SCHEMES

1. TEMPLETON INDIA INCOME FUND (TIIF)

A. NAME & TYPE OF THE SCHEME

Templeton India Income Fund, an open-end income fund.

B. INVESTMENT OBJECTIVES & POLICIES

The primary investment objective of the Scheme is to generate a steady stream of income through investment in fixed income securities. **This shall be the fundamental attribute of the scheme.** A secondary objective is to generate capital appreciation.

C. ASSET ALLOCATION PATTERN

The Fund may invest subscription money received from the public in money market instruments before allotment of units.

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of corpus (indicative)
Debt instruments including Corporate Debt, PSU Bonds, Gilts and Securitised debts	Low to Medium	Up to 100%
Money Market Instruments & Cash & Deposits (including Money at Call, MIBOR linked Instruments and Fixed Deposits)	Low to Medium	Up to 25%

Note: Debt includes Securitised Debt.

Under normal circumstances, the scheme intends to invest primarily in debt instruments of low to medium risk.

While it anticipates that it will limit money market instruments to less than 25% of the total assets of the Scheme, the investment Manager may elect to invest a higher percentage of the Scheme's portfolio in such money market instruments for the purpose of maintaining a defensive investment posture. In evaluating the asset allocation of the Scheme's portfolio, the Investment Manager will consider current debt and equity market conditions, taking into account factors prevailing at that time, with the intends at all times being to protect the Unitholder's interests.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

Notwithstanding the foregoing, the Trustee of the Mutual Fund may from time to time at its absolute discretion review and modify the investment strategy provided such modification is in accordance with the SEBI Regulations.

2. TEMPLETON INDIA INCOME BUILDER ACCOUNT (TIIBA)

A. NAME & TYPE OF THE SCHEME

Templeton India Income Builder Account, an open-end income fund.

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of the Scheme is primarily to provide investors Regular income under the Dividend Plan and Capital appreciation under the Growth Plan

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	%
Debentures* (Investment grade, privately placed etc.), Bonds issued by Public Sector Units and other Fixed Income Instruments	Medium to Low	Upto 100%
Money Market Instruments	Low	Upto 20%
Shares	High to Medium	Upto 20%

* Includes Securitised Debt up to 40%

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

3. TEMPLETON INDIA SHORT-TERM INCOME PLAN (TISTIP)

A. NAME & TYPE OF THE SCHEME

Templeton India Short Term Income Plan, an open-end income fund.

B. INVESTMENT OBJECTIVES & POLICIES

Templeton India Short-Term Income Plan is an open end income scheme intended to provide stable returns by investing in fixed income securities.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances the investment range would be as follows:

Type of Investment	Risk Profile	Allocation % of corpus
Debentures (investment grade, privately placed, etc.), government securities and other fixed income instruments*	Medium to Low	Upto 100%
Money market instruments and securities held under reverse repos (including debentures with maturity less than 1 year)	Low	Upto 100%

* If the scheme decides to invest in securitised debt, it is the intention of the Fund Manager that such investments will not exceed 30% of the corpus of the scheme.

The fund manager will endeavour to have the asset allocation pattern and the maturity profile of the portfolio with a view to outperform the Crisil Short Term Bond Fund Index.

The above allocation pattern would be applicable under normal circumstances and generally the allocation would not be allowed to raise beyond these levels unless the markets are extremely turbulent and there is a need to protect the unitholders' interest by reallocating the portfolio. In other words, the scheme would be maintaining the above ratio diligently which the investor can assume would be the steady state allocation strategy.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

4. TEMPLETON INDIA ULTRA SHORT BOND FUND (TIUBF)

A. NAME & TYPE OF THE SCHEME

Templeton India Ultra-short Bond Fund, an open-end income fund

B. INVESTMENT OBJECTIVES & POLICIES

Templeton India Ultra-short Bond Fund is an open-end income scheme with an objectove to provide a combination of regular income and high liquidity by investing primarily in a mix of short term debt and money market instruments.

C. ASSET ALLOCATION PATTERN

Under normal circumstances, the broad investment pattern of the Scheme will be as follows:

Type of Investment	Allocation as % of corpus (Min - Max)	Risk Profile
Debt securities* with maturity up to 12 months and Money Market Instruments	70% - 100%	Low to Medium
Debt securities* with maturity over 12 months	0% - 30%	Low to Medium

* including Government Securities and Securitised Debt up to 100%, exposure in derivatives up to a maximum of 50%, investments in Foreign Securities as may be permitted by SEBI/RBI up to 50% of the net assets of the scheme.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

5. TEMPLETON FLOATING RATE INCOME FUND (TFIF)

A. NAME & TYPE OF THE SCHEME

Templeton Floating Rate Income Fund, an open-end income fund.

B. INVESTMENT OBJECTIVES & POLICIES

The primary objective of the scheme is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns, and also fixed rate instruments and money market instruments.

C. ASSET ALLOCATION PATTERN

Investment Pattern
To achieve its objective, the scheme shall substantially invest, inter-alia, in

Floating Rate Debt Instruments
- Short Term / Money Market instruments such as money at call, mibor linked debt instruments, bill rediscounting, floating rate Commercial Papers (CPs), Certificate of Deposits (CDs), floating rate bonds less than 182 days to maturity and
- Long term debt instruments such as floating rate bonds & debentures issued by corporates or PSUs, floating rate gilts, inverse floaters, floating rate bank deposits, floating rate securitised debt, fixed rate debentures / bonds with swap any other instrument permitted by RBI/SEBI.

Fixed Rate Debt Instruments
- Short Term / Money Market instruments such as money at call, Commercial Papers (CPs), Certificate of Deposits (CDs) of commercial banks of development financial institutions, treasury bills, bill rediscounting, governments securities less than 1 year, Repo / Reverse Repos or any other instruments permitted by RBI/SEBI and
- Bonds and debentures issued by corporates or PSUs, Government securities, securitised debt, fixed deposits or any other instruments permitted by RBI/SEBI.

Asset Allocation

Under normal circumstances, it is anticipated that the asset allocation shall be as follows:

Type of Security	Allocation as % of Corpus		Risk Profile
	Minimum	Maximum	
Fixed Rate debt instruments: • Money market instruments (including CPs, CDs, treasury	0%	35%	Low to Medium

bills, bill rediscounting, gilts less than 1 year, Repos/Reverse Repos or any other instrument permitted by RBI/SEBI) • Non-Money market instruments (including bonds & debentures of over 182 days to maturity issued by corporates or PSUs, gilts, securitised debt*, fixed deposits or any other instrument permitted by RBI/SEBI)			
Floating Rate debt instruments:** • Money market instruments with residual maturity of upto 182 days (Money at call, CPs, CDs, bill rediscounting, or any other instrument permitted by RBI/SEBI) • Non-Money market instruments (including floating rate bonds & debentures issued by corporates or PSUs, floating rate gilts, inverse floaters, floating rate bank deposits, floating rate securitised debt*, fixed rate debentures/bonds with swap, mibor linked debentures or any other instrument permitted by RBI/SEBI, fixed rate bonds & debentures with residual maturity of upto 182 days issued by corporates or PSUs, gilts, securitised debt*)	65%	100%	Low to Medium

*Investment in securitised debts (including floating securitisation) will not, normally, exceed 35% of the net assets of the scheme.
** Floating rate debt instruments include fixed rate instruments swapped for floating rate returns

It is clarified that this scheme is not a money market mutual fund scheme.

The above allocation pattern would be applicable under normal circumstances and generally the allocation would not be allowed to rise beyond these levels unless the markets are extremely turbulent and there is a need to protect the unitholders' interest by reallocating the portfolio. In other words, the scheme would be maintaining the above ratio diligently which the investor can assume would be the steady state allocation strategy.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

6. TEMPLETON INDIA GOVERNMENT SECURITIES FUND (TGSF)

A. NAME & TYPE OF THE SCHEME

Templeton India Government Securities Fund, an open-end dedicated Gilts scheme.

B. INVESTMENT OBJECTIVES & POLICIES

The Primary objective of the Scheme is to generate credit risk-free return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest. To achieve this objective, the Scheme will invest in sovereign securities issued by the central Government and / or a state government and / or any security unconditionally guaranteed by the central Government and / or State government for repayment of Principal and Interest. The Scheme may also invest in the call money market, term / notice money market and repo's in order to meet the liquidity requirements of the Scheme or to meet the defensive nature of the portfolio. To ensure total safety of Unitholders' Funds, the Scheme will not invest in any other securities such as shares, debentures or bonds issued by any other entity. The Fund will seek to underwrite issuance of Government Securities if and to the extent permitted by SEBI / RBI and subject to the prevailing rules and regulations specified in this respect may also participate in their auction from time to time.

The Fund will apply to SEBI and RBI for permission to invest in Securities overseas in conformity with the guidelines, rules and regulations as may be announced by RBI / SEBI. The Fund shall seek permission to invest in Government Securities issued by G-7 nations, and other Foreign Governments, provided that such securities are considered as Investment Grade and provided RBI permits such Investment under the guidelines for a dedicated Gilts Fund.

There can be no assurance that the investment objective of the Scheme will be realised. It is however emphasised that investments made under both Plans of the Scheme are made in Government Securities where there is no risk of default of payment in principal or interest amount.

The securities purchased may include coupon bearing, floating rate, deep discount, or zero coupon securities. All purchases of instruments may be made either through participation in auctions or open market operations or secondary market trade on the exchange or outside the exchange.

The Fund may invest subscription money received from the public in money market instruments before allotment of units.

C. ASSET ALLOCATION PATTERN

The Primary Objective of the Scheme is to generate return from a credit-risk free portfolio comprising securities issued by the Central / State Government and / or securities unconditionally guaranteed by the Central and / or State Government for repayment of Principal and Interest. Gilts being an obligation of Central / State Governments carry zero- risk weight under Capital Adequacy Weights prescribed by the RB1 and are immune from credit / default risk. Gilts only carry market risks i.e., risk arising from the price movement in the market. Prices of all Fixed Income Securities have an inverse relationship with interest rate movements. The prices of Fixed Income Securities go up when interest rates fall and vice versa. The price movement is also dependent on the maturity of the instrument. Normally, longer maturity instruments will rise or fall more in relation to interest rate movements than shorter maturity instruments.

Under normal market circumstances, the investment range of Long Term Plan in TGSF would be as follows:

Instruments Profile	Risk Profile	As % of corpus
Securities issued by the Central/State Government and/or securities unconditionally guaranteed by the Central/State Government for repayment of principal and interest	Low	70%-100%
Money market instruments and securities held under reverse repos	Very Low	30%

In normal circumstances, the average maturity of the securities in the Long Term Plan will be over 3 years. Treasury Plan will normally have a portfolio with a shorter maturity. However, in the interest of investors, these asset allocation / maturity profiles may be altered at the discretion of the AMC.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

LIQUIDITY SUPPORT FROM RBI

Being a Scheme dedicated exclusively to investments in Government Securities, the Templeton India Government Securities Fund will be eligible to avail at any time liquidity support from RBI up to 20% of the outstanding value of its investments in government securities (as at the dose of business on the previous working day) made available by the RBI under its Guidelines (Ref. IDMC.No.2741 / 03.01.00 / 95-96 dated April 20,1996). Liquidity support under these guidelines is available through reverse repurchase agreement in eligible Central Government dated securities and Treasury Bills of all maturities.

7. TEMPLETON INDIA LOW DURATION FUND (TILDF)

A. NAME & TYPE OF THE SCHEME

Templeton India Low Duration Fund, an open-end income scheme with no assured returns.

The Scheme was originally launched as ‘Templeton Monthly Income Plan’ (TMIP) and was renamed as ‘Templeton India Low Duration Fund’ (TILDF) effective July 26, 2010.

B. INVESTMENT OBJECTIVES & POLICIES

The objective of the Scheme is to earn regular income for investors through investment primarily in highly rated debt securities.

C. ASSET ALLOCATION PATTERN

The Fund may invest subscription money received from the public in money market instruments before allotment of units.

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of corpus (indicative)
Debt including Corporate Debt, PSU Bonds, Gilts and Securitised Debt	Low to Medium	10% - 80%
Money Market Instruments	Low	20% - 90%

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

8. FT INDIA MONTHLY INCOME PLAN (FTIMIP)

A. NAME & TYPE OF THE SCHEME

FT India Monthly Income Plan, an open-end income fund with no assured returns

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of the scheme is to provide regular income through a portfolio of predominantly high quality fixed income securities with a maximum exposure of 20% to equities.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of corpus
Fixed Income instruments * including cash and money market instruments	Low to Medium	Up to 100%
Equities	Medium to High	Up to 20%

*includes securitised debt up to 40%

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

9. TEMPLETON INDIA INCOME OPPORTUNITIES FUND (TIIOF)

A. NAME & TYPE OF THE SCHEME

Templeton India Income Opportunities Fund, an open-end income fund.

B. INVESTMENT OBJECTIVES & POLICIES

The Scheme seeks to provide regular income and capital appreciation by investing in fixed income securities across the yield curve.

C. ASSET ALLOCATION PATTERN

Under normal market circumstances, the investment range would be as follows:

Instruments	Risk Profile	As % of Net Assets # (Min. – Max.)
Government Securities and/or securities unconditionally guaranteed by the Central/State Government for repayment of principal and interest	Low	Up to 100%
Debt securities issued by Public Sector Undertakings (PSU)	Low to Medium	Up to 100%
Debt securities issued by private sector corporate including banks and financial institutions	Low to Medium	Up to 100%
Securitised Debt	Low to Medium	Up to 100%
Money Market Instruments	Low	Up to 100%

including investments in Foreign Securities as may be permitted by SEBI/RBI up to 50% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, generally for 3 to 6 months on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

10. TEMPLETON INDIA TREASURY MANAGEMENT ACCOUNT (TITMA)

A. NAME & TYPE OF THE SCHEME

Templeton India Treasury Management Account, an open-end liquid fund

B. INVESTMENT OBJECTIVES & POLICIES

The investment objective of Templeton India Treasury Management Account is to provide current income along with high liquidity.

C. ASSET ALLOCATION PATTERN

Under normal circumstances the fund will invest in money market securities and short term debt as detailed below.

The broad investment pattern will be

Type of Investment	Allocation as % of corpus (Min% - Max%)	Risk Profile
Money Market Instruments	70% - 100%	Low
Debentures (investmment grade, privately placed etc.)*	0% - 30%	Low to Medium

*Including securitised debt upto 30%

The fund will under normal circumstances, invest at least 70% of its corpus in money market instruments, Government of India seucirites, Zero coupon bonds/treasury bills etc and not more than 30% of the corpus in debentures (including public sector bonds/corporate debtentures). Within the allocation towards fixed income instruments, up to 30% may be invested in Government securities (Central/State Government) securities supported by unconditional guarantee of the respective governments.

The proposed limits for each individual type of security are given below:

	Risk Profile	**Maximum Limit**
Debentures (investment grade, Privately placed etc.)	Medium	30%
Public Sector bonds	Low	50%
Commercial Paper	Medium	50%
Other money market Instruments / Treasury Bills, repos Call money, unconditionally Guaranteed Government Securities	Low	100%

The above percentage will be reckoned at the time of investment and the above allocation is based on a steady state situation.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

D. WHERE WILL THE SCHEMES INVEST

Subject to the SEBI Regulations and the asset allocation pattern mentioned above for the respective scheme, the Scheme may invest in various types of instruments including, but not limited to, any of the following:

(a) Securities issued, guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
(b) Securities issued by any domestic government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government
(c) Domestic non-convertible securities as well as non-convertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or obligations of public sector undertakings, banks, financial institutions, corporations, companies and other bodies corporate as may be permitted by SEBI / RBI from time to time
(d) Domestic securitised debt, pass through obligations, various types of securitisation issuances such as Asset Backed Securitisation, Mortgage Backed Securitisation and so on as may be permitted by SEBI from time to time.
(e) Domestic Commercial Paper (CP), Certificate of Deposits (CD), Bills Rediscounting, CBLO, Reverse Repo, and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
(f) Domestic derivatives
(g) Deposits with domestic banks and other bodies corporate as may be permitted by SEBI from time to time
(h) Any other domestic debt and money market instruments that may be available from time to time.

Further, the schemes investing in Foreign Securities may invest in various types of instruments including, but not limited to, any of the following:

(i) foreign debt securities (non-convertible) in the countries with fully convertible currencies
(j) overseas short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
(k) Overseas Money market instruments rated not below investment grade
(l) Overseas repos in the form of investment, where the counterparty is rated not below investment grade (repos shall not however, involve any borrowing of funds by the Scheme)
(m) Foreign government securities where the countries are rated not below investment grade
(n) Overseas derivatives traded on recognized stock exchanges overseas (currently permitted only for hedging and portfolio balancing with underlying as securities)

(o) Short term deposits with banks overseas where the issuer is rated not below investment grade
(p) Overseas Exchange Traded Funds (ETFs)
(q) units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in permitted Foreign Securities, Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets).
(r) Any other permitted overseas securities / instruments that may be available from time to time.

The equity portion of FTIMIP may be invested in various types of instruments including, but not limited to, any of the following:
(i) Equity and Equity linked instruments of domestic companies / corporations
(ii) Equity and Equity linked instruments of overseas companies listed on recognised stock exchanges overseas
(iii) Initial and follow on public offerings for listing at recognised stock exchanges overseas
(iv) ADRs / GDRs issued by Indian or foreign companies
(v) foreign debt securities (convertible) in the countries with fully convertible currencies

Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI from time to time. The securities mentioned above could be listed, unlisted, publicly offered, privately placed, secured, unsecured, rated or unrated and of varying maturity. The securities may be acquired through public offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals. The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

OVERVIEW OF DEBT MARKET

The Indian debt markets are one of the largest markets in Asia. Government and Public Sector enterprises are predominant borrowers in the market. While interest rates were regulated till a few years back, there has been a rapid deregulation and currently both the lending and deposit rates are market determined.

The bond markets are developing fast with the rapid introduction of new instruments including derivatives. Foreign Institutional Investors are also allowed to invest in Indian debt markets now. The trading volume in the market ranges between Rs.4000 crores to Rs.10,000 crores, of which about 90% comprises of the government securities.

The various debt instruments currently available for investments are:

Instruments	Current Yields*	Liquidity
Central/State Government securities	8.10% - 8.58%	Very high
PSU Bonds/Corporate debentures	8.00% - 9.80%	Medium – High
Securitised debt	9.75% - 11.50%	Low – Medium
Commercial Papers/Certificate of deposits	8.50% - 11.90%	High
Call/Notice Money	7.25% - 7.50%	Very high
Repo / CBLO	7.00% - 7.30%	Very high

*Yields as of June 2011.

The actual yields will, however, vary in line with general levels of interest rates and debt/money market conditions prevailing from time to time.

INVESTMENTS IN DERIVATIVE INSTRUMENTS

Brief note on investment in derivative instruments
As part of the Fund Management process, the Trustee may permit the use of derivative instruments such as index futures, stock futures and options contracts, warrants, convertible securities, swap agreements, Forward Rate Agreement (FRA) or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. On the fixed income side, an interest rate swap agreement from fixed rate to floating rate is an example of how derivatives can be an effective hedge for the portfolio in a rising interest rate environment.

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on Stock Exchanges whereas OTC derivative transactions are generally structured between two counterparties.

Derivatives may be high risk - high return instruments, upon leveraging. As they are highly leveraged, a small price movement in the underlying security could have a large impact on their value and may also result in a loss.

Position Limits:

The schemes may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

Currently, the position limits for Mutual Funds and its schemes, as permitted by the SEBI Regulations, are as under:

The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. Exposure due to hedging positions may not be included in the above mentioned limit subject to the following:

- Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
- Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.
- Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
- The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned above.

Further, the total exposure related to option premium paid must not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Mutual Funds shall not write options or purchase instruments with embedded written options.

i. Position limit for Mutual Funds in index options contracts:

1. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts:

1. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand modified in the following manner: -

1. For stocks in which the market wide position limit is less than or equal to Rs. 250 crore, the Mutual Fund position limit in such stock shall be 20% of the market wide position limit.
2. For stocks in which the market wide position limit is greater than Rs. 250 crore, the Mutual Fund position limit in such stock shall be Rs. 50 crore.

v. Position limit for each scheme of a Mutual Fund

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for a sub-account of a FII. Therefore, the scheme-wise position limit/disclosure requirements shall be –

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
   1% of the free float market capitalisation (in terms of number of shares)
   Or
   5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts)
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Purpose of investment:

- Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
- The scheme shall fully cover its positions in the derivatives market by holding underlying securities/cash or cash equivalents/option and/or obligation for acquiring underlying assets to honour the obligations contracted in the derivatives market.
- Separate records shall be maintained for holding the cash and cash equivalents/securities for this purpose.
- The securities held shall be marked to market by the AMC to ensure full coverage of investments made in derivative products at all time.

Valuation:

- The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Stock and Index Options:

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. In India, all individual stock options are American Options, whereas all index options are European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

Strategies that employ Options:

Buying a Call Option: Let us assume that the Fund buys a call option of XYZ Ltd. with strike price of Rs. 1000, at a premium of Rs. 25. If the market price of ABC Ltd on the expiration date is more than Rs. 1000, the option will be exercised. The Fund will earn profits once the share price crosses Rs. 1025 (Strike Price + Premium i.e. 1000+25). Suppose the price of the stock is Rs. 1100, the option will be exercised and the Fund will buy 1 share of XYZ Ltd. from the seller of the option at Rs 1000 and sell it in the market at Rs. 1100, making a profit of Rs. 75. In another scenario, if on the expiration date the stock price falls below Rs. 1000, say it touches Rs. 900, the Fund will choose not to exercise the option. In this case the Fund loses the premium (Rs. 25), which will be the profit earned by the seller of the call option.

Risks:
In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Buying a Put Option: Let us assume the Fund owns the shares of XYZ Ltd, which is trading at Rs. 500. The fund wishes to hedge this position in the short-term as it perceives some downside to the stock in the short-term. It can buy a Put Option at Rs. 500 by paying a premium of say Rs, 10/- In case the stock goes down to Rs. 450/- the fund has protected its downside to only the premium i.e Rs 10 instead of Rs. 50. On the contrary if the stock moves up to say Rs. 550/- the fund may let the Option expire and forego the premium thereby capturing Rs. 40/- upside. The strategy is useful for downside protection at cost of foregoing some upside.

Risks:
In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Stock and Index Futures:
The Stock Exchange, Mumbai and the National Stock Exchange have introduced Index futures on BSE Sensex (BSE 30) and Nifty (NSE-50). Generally, three futures of 1 month, 2 months and 3 months are presently traded on these exchanges. These futures will expire on the last working Thursday of the respective month.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. Individual stock futures are also widely used derivative instruments for enhancing portfolio returns. Stock futures trade either at a premium or at discount to the spot prices, usually the level of premium reflective of the cost of carry. Many a times the stock-specific sentiments too have a bearing on Futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to clean arbitrage opportunities for a fund.

Strategies that employ Index Futures:
Illustrative list of strategies that can employ index futures:
(a) The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by existing guidelines.
(b) To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange.

In case the Nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

Risks:

- The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.

Strategies that employ Stock Futures:
Sell Spot Buy Future: To illustrate, let us assume the fund holds the stock XYZ Ltd which is trading @ Rs. 100/- at the spot market. If for some reasons the stock trades at Rs. 98 in the futures, the fund may sell the stock and buy the futures. On the date of expiry, the fund may reverse the transactions (i.e. Buy Spot & Sell futures) and earn a risk-free Rs. 2/- (2% absolute) on its holdings. Since this is done without diluting the fund's view on the underlying stock, the fund will benefit from any upside move i.e. if on the date of futures expiry, the stock is trading at Rs. 110/- the futures too will be trading at Rs. 110- and the fund will capture the 10% upside the stock provided and along with it the 2% arbitrage too, thereby enhancing returns to 12%

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Buy Spot Sell Future: If the fund holds a stock XYZ Ltd which trades @ Rs 100/- at the spot market and is trading at Rs. 102/- in the futures market. The fund may buy the spot and sell the futures and earn the premium of Rs.2 /- which is risk-free. However this strategy can be used only when the fund is sitting in cash and is looking at enhancing the returns on the cash.

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Sell Future: This helps in shorting the market and taking a direct short position in the market. Futures facilitate a short position if fund manager has a bearish view in the market. A sold Futures can be re-purchased any time up to the date of its expiry. If not re-purchased, it is automatically squared off on the expiry date at Spot Rate.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Buy Future: If the fund wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Interest Rate Swaps:

The Indian markets have faced high volatility in debt and equity markets. An interest rate swap is a contractual agreement between two counter-parties to exchange streams of interest amount on a national principal basis. In this, one party agrees to pay a fixed stream of interest amount against receiving a variable or floating stream of interest amount. The variable or floating part is determined on a periodical basis.

Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

Let us look at an example of an interest rate swap:

Entity A has a Rs.20 crores, 3 month asset which is being funded through call. Entity B, on the other hand, has deployed in overnight call money market a Rs.20 crores, 3 month liability. Both the entities are taking on an interest rate risk.

To hedge against the interest rate risk, both the entities can enter into a 3 month swap agreement based on say MIBOR (Mumbai Inter Bank Offered Rate). Through this swap, entity B will receive a fixed preagreed rate (say 8%) and pay NSE MIBOR ("the benchmark rate") which will neutralize the interest rate risk of lending in call. Similarly, entity A will neutralize its interest rate risk from call borrowing as it will pay 8% and receive interest at the benchmark rate.

Assuming the swap is for Rs.20 crores 1 September to 1 December, Entity A is a floating rate receiver at the overnight compounded rate and Entity B is a fixed rate receiver. On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

On December 1, they will calculate as explained below:

Entity A is entitled to receive daily compounded call rate for 92 days and pay 8% fixed.

Entity B is entitled to receive interest on Rs.20 crores @ 8% i.e. Rs.40.33 lakhs, and pay the compounded benchmark rate.

Thus on December 1, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.40.33 lakhs, entity B will pay entity A the difference and vice versa.

Forward Rate Agreement (FRA)
A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example: Let us assume that a scheme has an investment of Rs.10 crore in an instrument that pays interest linked to NSE Mibor. Since the NSE Mibor would vary daily, the scheme is running interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the Scheme could do an IRS where it receives a fixed rate (assume 10%) for the next 5 days on the notional amount of Rs. 10 crore and pay a floating rate (NSE Mibor). In doing this, the scheme would effectively lock itself into a fixed rate of 10% for the next five days. The steps would be:

1. The scheme enters into an IRS on Rs. 10 crore from December 1, 2001 to December 6, 2001. It receives a fixed rate of interest at 10% and the counter party receives the floating rate (NSE Mibor). The scheme and the counter party exchange a contract of having entered into this IRS.
2. On a daily basis, the NSE Mibor will be tracked by the counterparties to determine the floating rate payable by the scheme.
3. On December 6, 2001, the counterparties will calculate the following:
   - The scheme will receive interest on Rs. 10 crore at 10% p.a. for 5 days i.e. Rs.1,36,986/-
   - The scheme will pay the compounded NSE Mibor for 5 days by converting its floating rate asset into a fixed rate through the IRS.
   - If the total interest on the compounded NSE Mibor rate is lower than Rs. 1,36,986/-, the scheme will receive the difference from the counterparty and vice-versa. In case the interest on compounded NSE Mibor is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

Risks:
Interest rate swaps and FRA require the maintenance of adequate controls to monitor the transactions entered into, the ability to asses the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the “counter-party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honour its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.

As is clear from the above examples, engaging in derivatives has the potential to help the scheme in minimising the portfolio risk and/or improve the overall portfolio returns.

Please note these examples are hypothetical in nature and are given for illustration purposes only. The actual returns may vary depending on the market conditions.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

SECURITIES LENDING

If permitted by SEBI under extant regulations/guidelines, the Scheme may also engage in scrip lending as provided under Securities Lending scheme 1997, and other applicable guidelines/regulations. Scrip lending means lending a security to another person or entity for a fixed period of time, at a negotiated compensation. The security lent will be returned by the borrower on expiry of the stipulated period.

The AMC will comply with the required reporting obligations and the Trustee will carry out the reviews required under SEBI/RBI guidelines. Further a maximum of 40% of net assets will be deployed in securities lending and the maximum single party exposure will be restricted to 10% of net assets outstanding at any point of time.

Engaging in scrip lending is subject to risks related to fluctuations in the collateral value / settlement / liquidity / counter party.

SHORT SELLING OF SECURITIES

If permitted by SEBI Regulations, the Scheme may engage in short selling of securities in accordance with the guidelines issued by SEBI. Short sale of securities means selling of securities without owning them. The AMC will comply with the guidelines issued by SEBI in this behalf, including reporting obligations and the Trustee will carry out the reviews required under said guidelines.

Engaging in short sale of securities is subject to risks related to fluctuations in market price, and settlement/ liquidity risks.

INVESTMENT IN FOREIGN SECURITIES

The Scheme may invest in permitted Foreign Securities and any other overseas instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.

SEBI vide its circular dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly the investments in Foreign Securities shall be made in compliance with the said circular.

The Fund shall appoint a dedicated fund manager for the purpose of investment in overseas financial assets (except for investment in units/securities of overseas mutual funds/unit trusts/ETFs and such other securities/instruments as may be permitted by SEBI from time to time) as prescribed in the aforesaid SEBI circular. Service of custodian and other intermediaries/advisors of international repute will be used for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

Offshore investment will be made subject to any/ all approvals/conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25(2). They shall make a detailed analysis of risks and returns of investment in foreign securities and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities/instruments and such other types of securities/instruments as may be permitted by SEBI from time to time. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary. All investment decisions shall be recorded in accordance with SEBI circular dated July 27, 2000. Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks.

Investment in derivatives traded on recognised stock exchanges overseas shall be made only for hedging and portfolio balancing with underlying as securities. The scheme shall not invest in foreign securitised debts.

E. INVESTMENT STRATEGY

TIIF
Looks to earn steady returns in the fixed income market by actively managing the funds portfolio on interest rate movements and credit risks.

TIIBA
Strives to deliver superior risk-adjusted returns by actively managing a portfolio of high quality fixed income securities.

TISTIP
Focuses on investment opportunities at the short-end of the curve.

TIUBF
Strives to strike an optimum balance between regular income and high liquidity through a judicious mix of short term debt and money market instruments.

TFIF
Looks to minimise the risk arising from interest rate fluctuations.

TGSF
Seeks to provide capital appreciation by primarily investing in Indian government securities and actively managing the portfolio duration based on market conditions.

TILDF
Strives to earn steady returns in the fixed income market by actively managing the portfolio while maintaining a low duration.

FTIMIP
The debt portion will be primarily invested in high quality fixed income securities. For the equity portion, the schemes follow a blend of value and growth style of investing and a bottom-up approach to stock-picking.

TIIOF:
Focuses on emerging opportunities in the fixed market and has the flexibility to take concentrated exposure to a particular security class based on macro/micro analysis.

The general maturity/duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. We will manage interest rate risk across different asset class and duration buckets, in order to optimize risk-adjusted returns. All the investment options will be thoroughly analyzed to ensure that credit risk is kept at an optimal level. Any major shifts in portfolio strategy would be based on long-term trends, as opposed to short-term aberrations in interest rates.
In case of securitised debt, we look to diversify the PTC exposure for ABS across different asset classes and single loan PTCs. For the ABS pools, we look at factors such as – historical performances of similar pools and credit collateral utilization. Pool performance indicators include ageing profiles, collection efficiency ratios and delinquency levels.

TITMA
Strives to provide steady income and high liquidity through a judicious mix of short term debt and money market instruments.

F. FUNDAMENTAL ATTRIBUTES

Please note that the following are the fundamental attributes of the respective scheme:

- **Type of scheme** – Please refer to the section “Name & Type of the Scheme”.
- **Investment objective** – Please refer to the section “Investment Objectives & Policies”.

- **Investment pattern, minimum and maximum asset allocation.** - Please refer to the section "Asset Allocation Pattern". The fund retains the option to alter the asset allocation on a short-term basis in the interest of unitholders on defensive considerations.
- **Liquidity provisions such as repurchase or redemption** – Please refer to the section 'Units and Offer'.
- **Aggregate fees and expenses charged to the scheme -** Please refer to the section 'Fees and Expenses of the Scheme'.
- **Any Safety Net of Guarantee provided** – None.

In accordance with Regulation 18(15A), the Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless, -

i a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nation wide circulation as well as a newspaper published in the language of the region where the head office of the mutual fund is situated; and

ii the unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. BENCHMARK

The Mutual Fund has identified the following as the benchmark for the schemes:

Scheme Name	Benchmark	Justification
Templeton India Income Fund	Crisil Composite Bond Fund Index	The fund invests in fixed income instruments across segments; hence Crisil Composite Bond Fund Index is the ideal benchmark.
Templeton India Income Builder Account	Crisil Composite Bond Fund Index	The fund invests in fixed income instruments across segments (with a focus on PSU/Corporate bonds), hence Crisil Composite Bond Fund Index is the ideal benchmark.
Templeton India Short-Term Income Plan	Crisil Short Term Bond Fund Index	The fund invests in debt securities of shorter maturity, hence Crisil Short-Term Bond Fund index is the ideal benchmark.
Templeton India Ultra-short Bond Fund	Crisil Liquid Fund Index	The fund invests in short-term debt instruments and money market instruments and has a portfolio maturity between a liquid and short term bond fund, hence Crisil Liquid Fund Index is the ideal benchmark.
Templeton Floating Rate Income Fund	Crisil Liquid Fund Index	The fund invests primarily in fixed and floating rate instruments along with short-term instruments and has lower portfolio maturity, hence Crisil Liquid Fund Index is the ideal benchmark.
Templeton Government Securities Fund	• Composite Plan & PF Plan: I-Sec Composite Index • Long Term Plan: I-Sec Libex • Treasury Plan: I-Sec Si-BEX	• Composite Plan & PF Plan: The fund invests in Indian government Securities with the portfolio maturity straddling across the curve. Hence ISec Composite Index is the ideal benchmark. • Long Term Plan: The fund invests in Indian government Securities with higher maturity, and hence ISec Libex Index is the ideal benchmark. • Treasury Plan: The fund invests in Indian government Securities with lower maturity, hence ISec

Scheme Name	Benchmark	Justification
		Sibex Index is the ideal benchmark.
Templeton India Low Duration Fund	Crisil Short-Term Bond Fund Index	Crisil Short-Term Bond Fund Index is deemed to be more appropriate benchmark given that the fund invests in low duration securities.
FT India Monthly Income Plan	Crisil MIP Blended Index	The fund invests primarily in fixed income instruments across segments and aims to declare regular dividends with a marginal exposure to equities, hence Crisil MIP Blended Index is the ideal benchmark.
Templeton India Income Opportunities Fund	Crisil Short Term Bond Fund Index	The fund invests in fixed income securities across segments and keeping in mind the duration of the fund and its investments in shorter duration of securities, Crisil Short-Term Bond Fund is the ideal benchmark.
Templeton India Treasury Management Account	Crisil Liquid Fund Index	This is a liquid fund investing in short term and money market securities and hence, CRISIL Liquid Fund Index is the ideal benchmark.

The AMC / Trustee reserve the right to change / modify the benchmark by issuing an addendum.

H. WHO MANAGES THE SCHEME

Schemes	Fund Managers
• Templeton India Income Builder Account • Templeton India Income Fund • Templeton India Short-Term Income Plan • Templeton India Income Opportunities Fund	Umesh Sharma Sachin Padwal-Desai
• Templeton India Government Securities Fund • Templeton India Low Duration Fund • FT India Monthly Income Plan - Debt Portfolio	Sachin Padwal-Desai Umesh Sharma
• Templeton India Treasury Management Account • Templeton Floating Rate Income Fund • Templeton India Ultra-short Bond Fund	Pallab Roy Sachin Padwal-Desai

The equity portion of FTIMIP is managed by Mr. Anand Radhakrishnan and Anil Prabhudas. Murali Krishna Yerram and Rajat Malhotra are dedicated for making investments in Foreign Securities.

The details of the Fund Managers are as follows:

Name	Age	Qualifications	Functions & Experience
Sachin Padwal-Desai Total Experience: 13 years	38	B.E., PGDM (IIM-Banglore)	**Vice President - Fixed Income** (based at Mumbai). **Schemes managed:** He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF, TITMA, TFIF & TIUBF and Debt portions of FTIMIP, FTIBF, TIPP, TICAP & FTLF. Prior assignments: • ICICI Bank Ltd - Balance sheet Management, Interest rate risk management, SLR maintenance, liquidity management • Infosys Technologies Ltd – Software Engineer • Thermax Ltd – Designing, testing and approval of weldments on boilers and other pressure vessels.

Name	Age	Qualifications	Functions & Experience
Umesh Sharma Total Experience: 11 years	34	B.Com., C.A., C.S., C.F.A.	**Vice President - Fixed Income** (based at Mumbai). **Schemes managed:** He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF & TICMA and Debt portions of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCOPF & FTFTF Series. Prior assignments: • Portfolio Manager - Fixed Income, Religare Mutual Fund (2008-2010), responsible for managing fixed income bond portfolios • Portfolio Manager- Fixed Income, Lotus India Mutual Fund (2006-2008), responsible for managing fixed income bond portfolios. • Chief Manager, ICICI Bank (2005-2006), undertook analysing of investment opportunities in international USD bonds. • Manager – Fixed Income, JM Financial Mutual Fund (2003-2005), undertook macro research in order to gauge interest rate trends & credit research. • Primary Dealer, UTI Mutual Fund (2000-2003), involved in analyzing and recommending investments in debt and equity.
Pallab Roy Total Experience: 10 Years	36	MBA (Fin.), M.Com., DBF	**Senior Manager - Fixed Income** (based at Mumbai). **Schemes managed:** He is the co-fund manager of TICMA, TITMA, TFIF & TIUBF and Debt portions of FTCSF, FTCOPF, FTFTF Series & FTLF. *Prior assignments:* • Franklin Templeton Asset Management (India) Pvt. Ltd. (June 2001 – till date). Responsible for Liquidity Management & Portfolio MIS – Fixed Income funds.
Anand Radhakrishnan Total Experience: 16 years	42	CFA, PGDM (IIM) B.Tech.	**Senior Vice President and Portfolio Manager** (based at Chennai) He manages FIF, FPF & FTDPEF. He is also a co-fund manager for FIBCF, FIT, FIPP, FBIF, FIHGCF and Equity portfolios of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCOPF, FTFTF Series & FTLF. Prior assignments: • 2004-2006, Fund Manager for the Portfolio Management Services of the AMC. • 1996-2004, Fund Manager – Sundaram Asset Management Ltd. • 1994-1996, Deputy Manager, Portfolio Manager of Asian Convertible and Income Fund – SBI Funds Management Ltd.
Anil Prabhudas Total Experience: 21 years	49	CA	**Assistant Vice President and Portfolio Manager** (based at Chennai) He manages FFF, FIIF & FITF. He is also a co – fund manager of FIOF, FIT and Equity portfolios of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCPOF & FTFTF Series. He also provides Research support on Oil & Gas, Petrochemicals, Engineering, Power and Hotel sectors. Prior assignments: • Asst. Vice President – Investments – Pioneer ITI AMC Ltd. (Since 1993) • Petrosil Oil Co. Ltd. • L. U. Krishnan & Co.
Murali Krishna Yerram Total experience:	34	B.Tech., M.B.A.	**Assistant Vice President and Portfolio Manager** (based at Chennai) He is dedicated co - Fund Manager for investment

Name	Age	Qualifications	Functions & Experience
10 years			in Foreign Securities for Franklin Equity Team. Also responsible for undertaking equity research. *Prior assignments:* • Summer Intern, D. B Zwirn & Co. (2006), involved in research and originate pair trade ideas in multiple sectors in Indian markets • Assistant Manager, Deloitte Consulting India Pvt. Ltd. (2003-2005), responsible for managing the infrastructure team responsible for hosting of multiple Siebel CRM instances • Associate Consultant, Infosys Technologies (2002-2003), undertook functional design and implementation of CRM packages • Senior Software Engineer, Satyam Computers (1998-2001), undertook Coding and Design of Software Applications
Rajat Malhotra Total experience: 6 years	30	Masters in Computational Finance (USA), Bachelors of Computing (Computer Science) (NUS-Singapore)	**Assistant Vice President and Portfolio Manager** (based at Chennai) He is dedicated co - Fund Manager for investment in Foreign Securities for Franklin Equity Team. He also undertakes equity research since June 2008. *Prior assignments:* • Fund Manager - PMS, Franklin Templeton Asset Management (India) Pvt. Ltd. (2009-2010). • Investment Intern - Temasek Holdings, Singapore (2007), undertook investment research and due diligence. • Part-time/Intern - Singapore Stock Exchange, Singapore (2005-2006), involved in Corporate Strategy. • Analyst - Comsoft Pvt. Ltd., Singapore (2004-2005), undertook Programming & Project Management. • Analyst - National Computer Systems, Singapore (2003-2004), undertook Programming & Project Management.

I. INVESTMENT RESTRICTIONS

In pursuance of the Regulations, the following restrictions are currently applicable to the scheme:

1. Investment in securities from the scheme's corpus would be only in transferable securities in accordance with Regulation 43 of Chapter VI of SEBI [Mutual Funds] Regulations, 1996.
2. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities; provided that the Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI; provided further that the Scheme may enter into derivatives transactions in a recognised stock exchange, subject to the framework specified by SEBI.
3. The Mutual Fund shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long term nature.
4. No investment shall be made in any Fund of Funds scheme.
5. The mutual fund shall not advance any loans for any purpose.
6. The Scheme may invest in any other scheme (with similar investment objectives in case of TIIBA, FTIMIP and TITMA) without charging any fees, provided that aggregate interscheme investment made by all schemes under the management of Franklin Templeton Asset Management (India) Private Limited or in schemes under the management of any other AMC shall not exceed 5% of the net asset value of the mutual fund.
7. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV with prior approval of the Trustees and Board of the AMC, provided that such limit shall not be applicable

for investment in government securities and money market instruments. Further, investment within such limit can be made in mortgage backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.

8. No mutual fund scheme shall invest more than 30% of its net assets in money market instruments of an issuer; provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralised borrowing and lending obligations.
9. The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investment shall be made with the prior approval of the Trustee and the Board of the AMC.
10. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of Seventh Schedule to SEBI Regulations.
11. Franklin Templeton Mutual Fund, under all its schemes shall not own more than 10% of any company's voting rights.
12. The scheme can invest a maximum of 5% of the net assets in unlisted equity and equity related instruments. The exit route in such cases is usually through an offer to the public at a later date.
13. The scheme shall not invest more than 10% of its net assets in the equity or equity related instruments of any company.
14. In terms of SEBI Circulars dated September 26, 2007 each mutual fund is currently permitted to invest up to US$300 million irrespective of the size of the assets. The ceiling for investment in overseas ETFs that invest in securities is US$ 50 million per mutual fund.

    Currently, the mutual funds can invest in ADRs/GDRs issued by Indian or foreign companies, equity of overseas companies listed on recognised stock exchanges overseas, Initial and follow on public offerings for listing at recognized stock exchanges overseas, foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos in the form of investment, where the counterparty is rated not below investment grade (repos should not however, involve any borrowing of funds by mutual funds), Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade and Overseas Exchange Traded Funds (ETFs) that invest in securities. The mutual funds can also invest in the units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets). The restriction on the investments in mutual fund units up to 5% of net assets and prohibition on charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Guidelines. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.
15. Transfers of investments from one Franklin Templeton Mutual Fund scheme to another will be done as follows:
    - such transfers will be done at the prevailing market price for quoted instruments on spot basis.
    - the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
16. No investment shall be made in
    - any unlisted security of an associate or group company of the sponsor; or
    - any security issued by way of private placement by an associate or group company of the sponsor; or
    - the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
17. Pending deployment of funds in securities in terms of investment objectives of the Scheme, the Mutual Fund can invest the funds of the scheme in short term deposits of scheduled commercial banks in line with SEBI Circular dated April 16, 2007.
18. **In case of TITMA:** As the Scheme has been categorised as 'Liquid Scheme', the following additional investment restrictions (as applicable) would be adhered to:
    - The schemes shall make investment in /purchase debt and money market securities with maturity of up to 91 days only. In case of securities with put and call options (daily or otherwise) the residual maturity of the securities shall not be greater than 91 days.
    - Inter-scheme transfers of securities shall be permitted in Liquid Schemes for debt and money

market securities with maturity of up to 91 days only.

(Explanation: (a) In case of securities where the principal is to be repaid in a single payout the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of security. (b) In case the maturity of the security falls on a non-business day then settlement of securities will take place on the next business day.)

19. The scheme may consider investment in other financial market investments as per guidelines issued by the Central Government/SEBI/RBI from time to time.

The AMC/Trustee may alter these investment restrictions from time to time to the extent SEBI regulations/applicable rules change/permit so as to achieve the investment objective of the scheme. Such alterations will be made in conformity with SEBI regulations.

The investment restrictions specified as a percentage of net assets will be computed at the time of making the investment and it is clarified that changes need not be effected, merely by reason of appreciation or depreciation in value or by reason of factors beyond the control of the scheme (such as receipt of any corporate or capital benefits or amalgamations). In case the limits are exceeded due to reasons beyond its control, the AMC shall adopt necessary measures of prudence to reset the situation having regard to the interest of the investors.

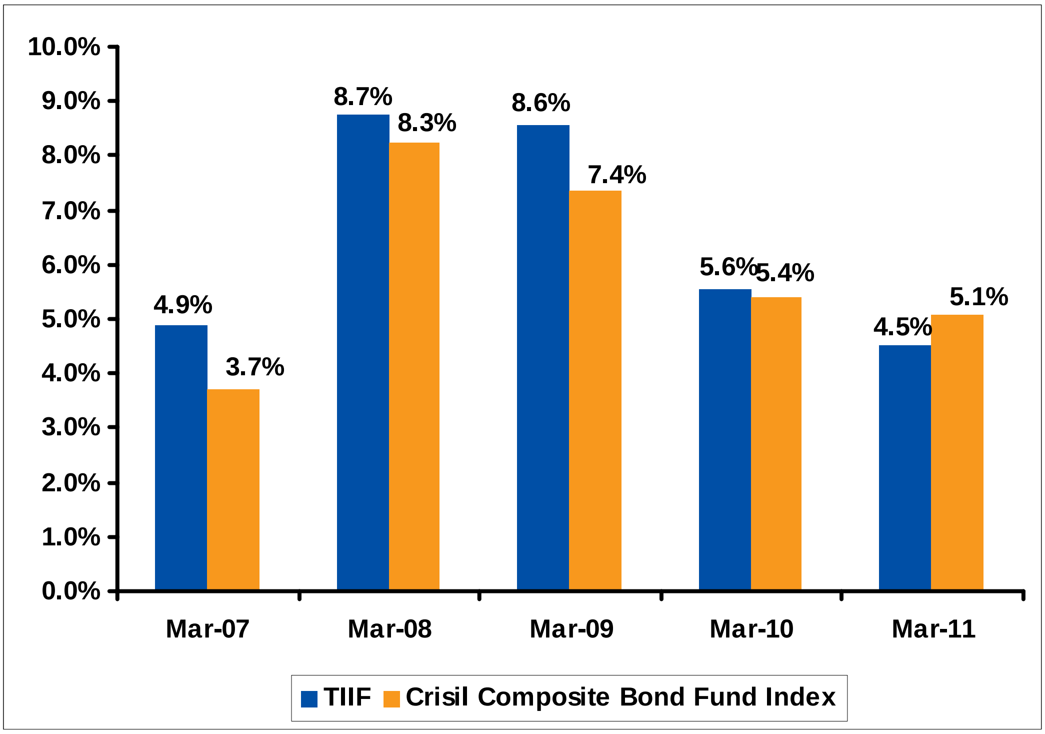
J. HOW HAS THE SCHEME PERFORMED

TIIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TIIF	4.69%	6.56%	6.38%	8.92%
Crisil Composite Bond Fund Index	4.09%	5.85%	5.78%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: March 05, 1997.

Absolute Returns for last 5 financial years:

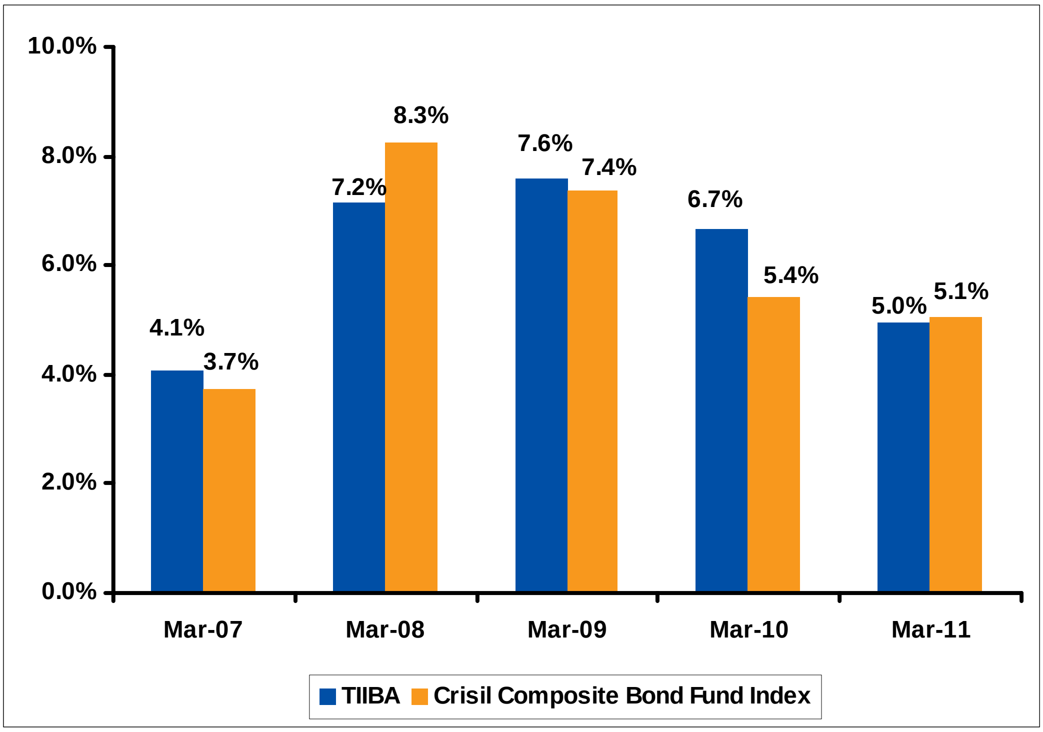


TIIBA

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TIIBA	5.42%	6.91%	6.18%	8.84%
Crisil Composite Bond Fund Index	4.09%	5.85%	5.78%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: June 23, 1997.

Absolute Returns for last 5 financial years:

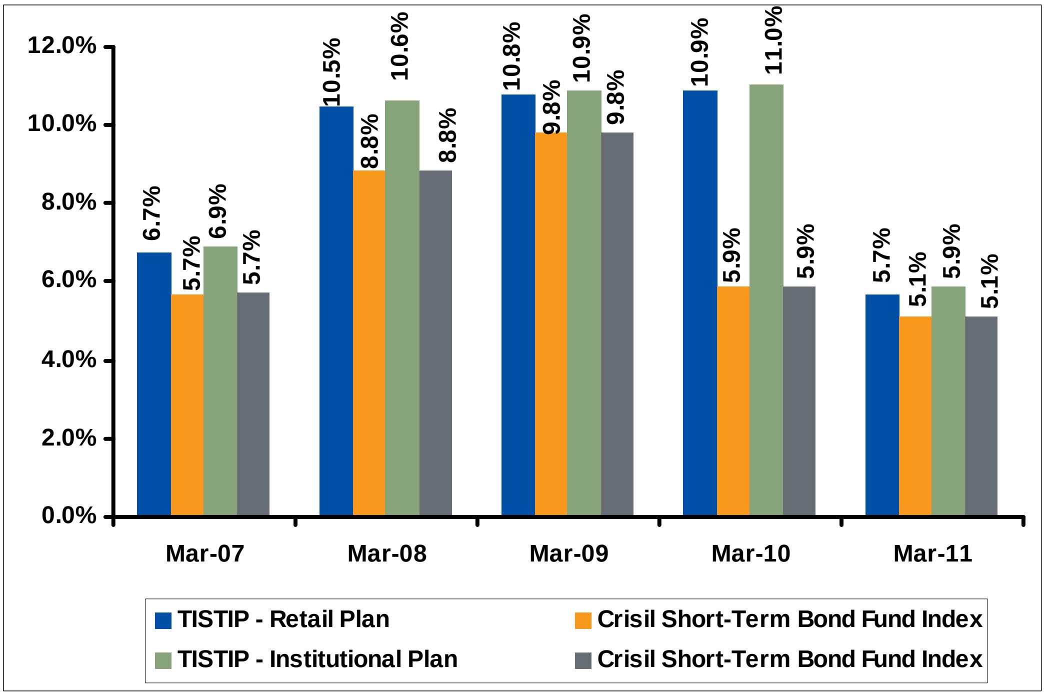


TISTIP

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TISTIP – Retail Plan	5.89%	9.00%	8.83%	7.59%
Crisil Short-Term Bond Fund Index	5.00%	6.75%	6.92%	N.A
TISTIP – Institutional Plan	6.11%	9.17%	8.97%	8.59%
Crisil Short-Term Bond Fund Index	5.00%	6.75%	6.92%	6.65%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: January 31, 2002 (Retail), September 06, 2005 (Institutional).

Absolute Returns for last 5 financial years:

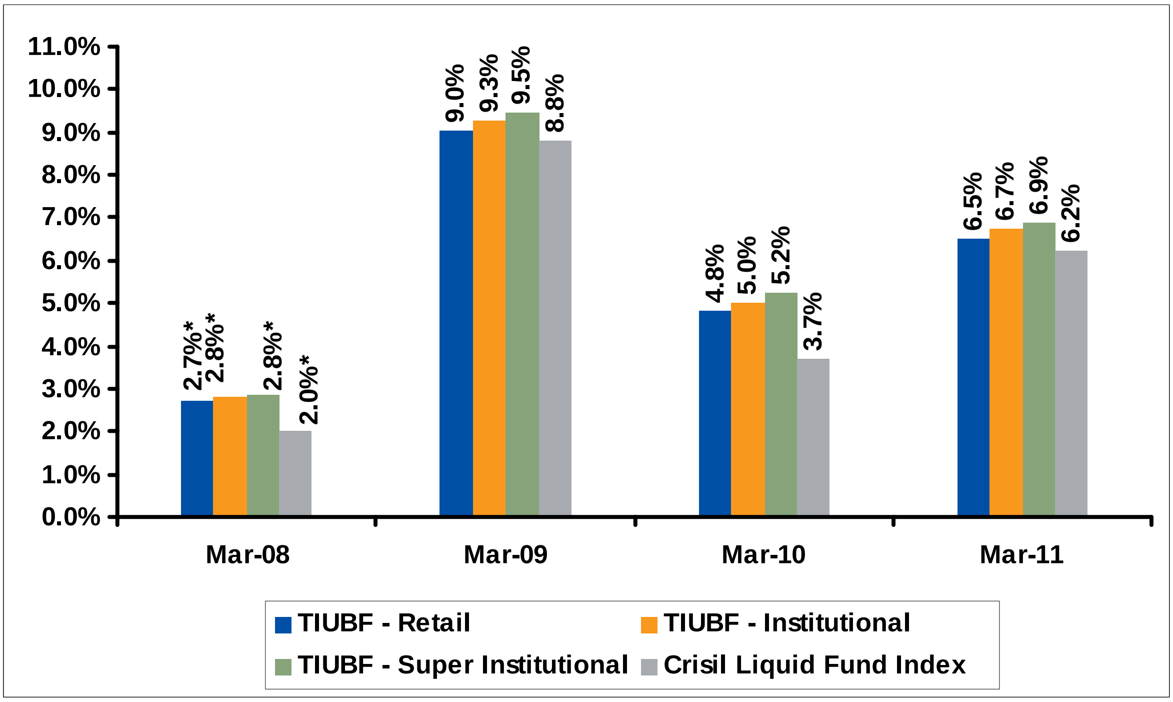


TIUBF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TIUBF – Retail	7.27%	6.80%	N. A.	7.14%
TIUBF - Institutional	7.49%	7.02%	N. A.	7.35%
TIUBF – Super Institutional	7.63%	7.21%	N. A.	7.55%
Crisil Liquid Fund Index	6.90%	6.19%	N. A.	6.37%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: December 18, 2007.

Absolute Returns for last 5 financial years:

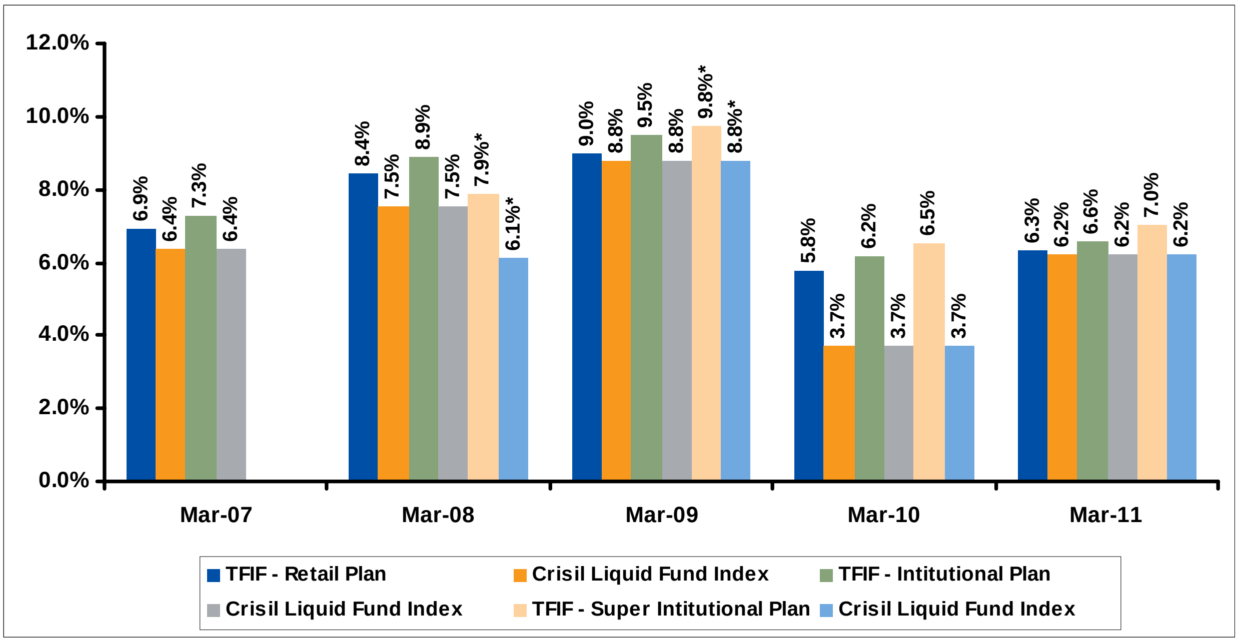


TFIF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TFIF – Retail Plan	7.10%	7.10%	7.40%	6.64%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	N.A
TFIF - Institutional Plan	7.37%	7.48%	7.81%	7.48%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	6.39%
TFIF - Super Institutional Plan	7.80%	7.83%	N.A	8.08%
Crisil Liquid Fund Index	6.90%	6.19%	N.A	6.42%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: February 11, 2002 (Retail), September 06, 2005 (Institutional), May 09, 2007 (Super Institutional).

Absolute Returns for last 5 financial years:

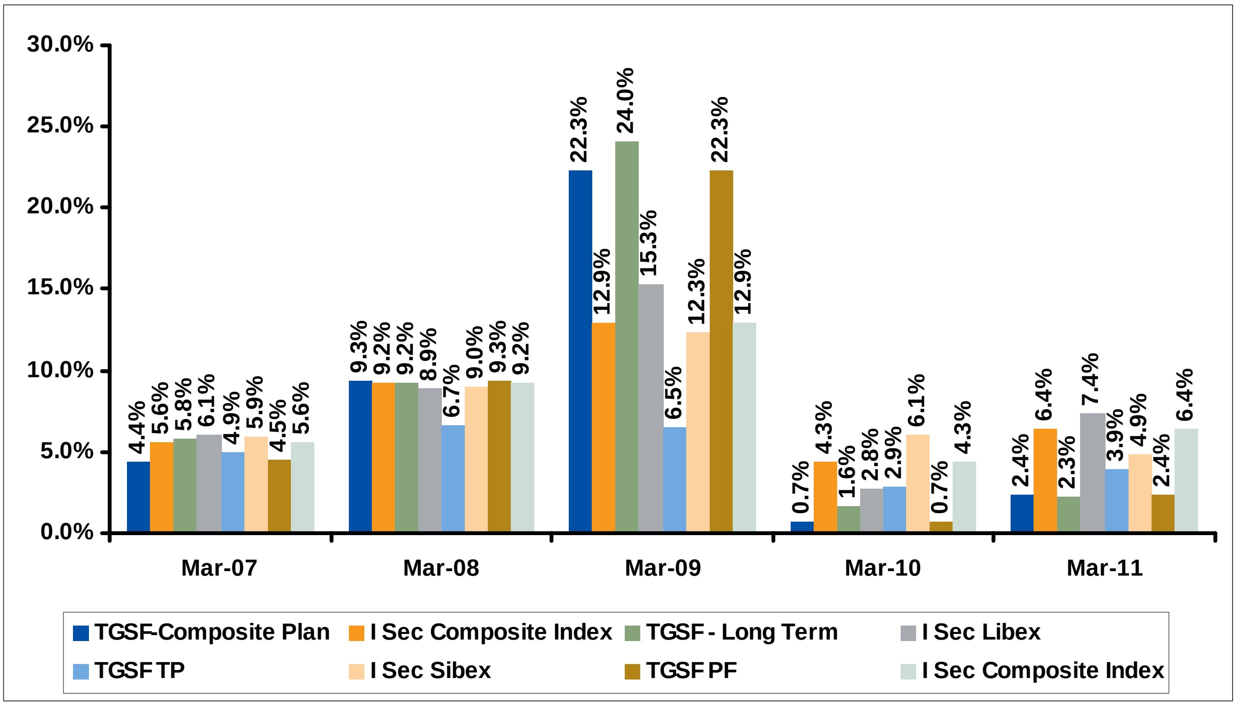


TGSF

Compounded annualised returns	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
TGSF – Composite Plan	1.69%	7.92%	7.42%	10.63%
I-Sec Composite Index	4.02%	7.75%	7.42%	N.A
TGSF – PF Plan	1.69%	7.92%	7.43%	5.59%
I-Sec Composite Index	4.02%	7.75%	7.42%	5.77%
TGSF – Treasury Plan	4.09%	4.34%	4.97%	5.92%
I-Sec Si-BEX	3.63%	7.45%	7.44%	N.A
TGSF – Long Term Plan	1.45%	8.54%	8.15%	9.35%
I-Sec Li-bex	4.44%	8.62%	7.87%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: June 21, 1999 (CP), May 07, 2004 (PF), February 11, 2002 (TP), December 07, 2001 (LT).

Absolute Returns for last 5 financial years:

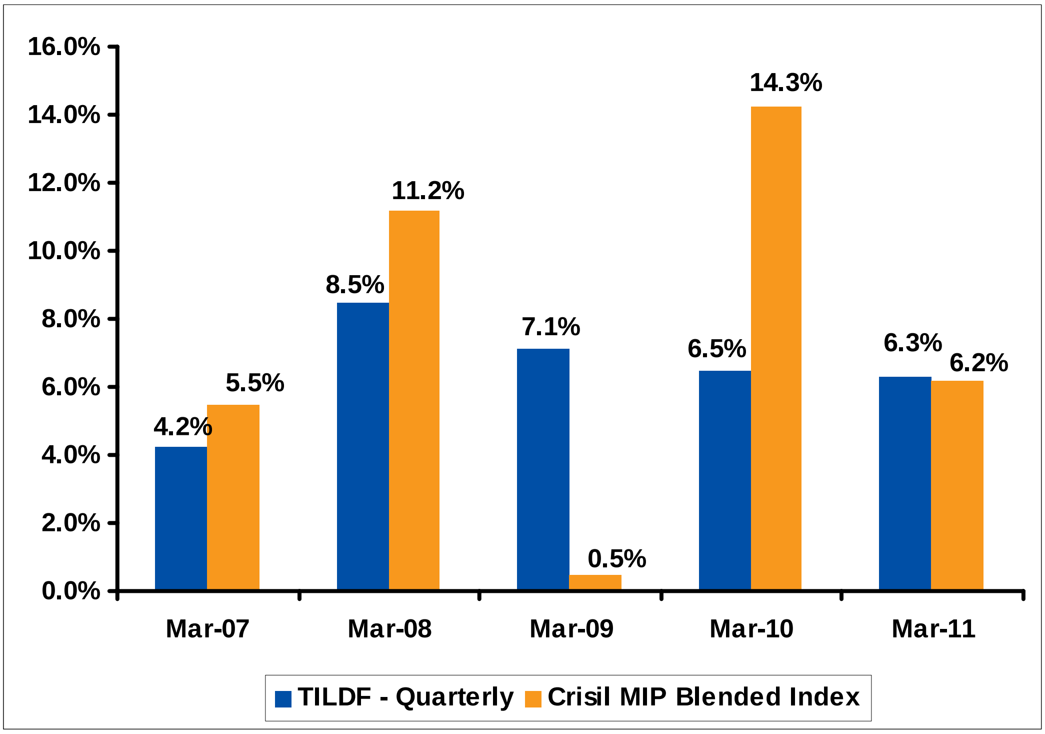


TILDF

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TILDF - Growth	N.A	N.A	N.A	6.81%**
Crisil Short-Term Bond Fund Index #	N.A	N.A	N.A	5.23%**
TILDF - Monthly	7.10%	6.92%	6.78%	7.01%
TILDF - Quarterly	7.10%	6.92%	6.78%	7.03%
Crisil Short-Term Bond Fund Index #	6.80%	6.92%	7.77%	N.A

Returns based on NAV of May 31, 2011. Inception date: February 07, 2000. Growth Plan was introduced in the scheme w.e.f. July 26, 2010 and hence, returns are calculated based on Dividend Plan. ** Absolute # Index adjusted for the period April 1, 2002 to November 29, 2010 with the performance of Crisil MIP Blended Index.

Absolute Returns for last 5 financial years:

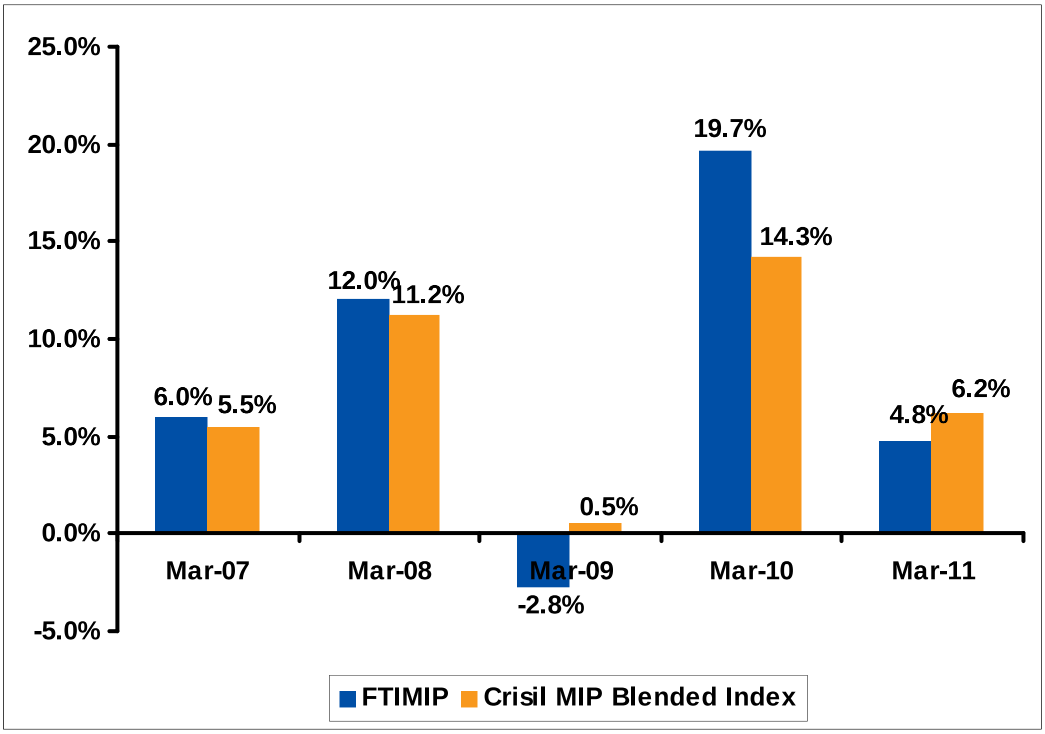


FTIMIP

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FTIMIP	4.58%	6.62%	8.00%	10.13%
Crisil MIP Blended Index	5.06%	6.33%	7.42%	N.A

Returns based on Growth Plan NAV of May 31, 2011. Inception date: September 28, 2000.

Absolute Returns for last 5 financial years:

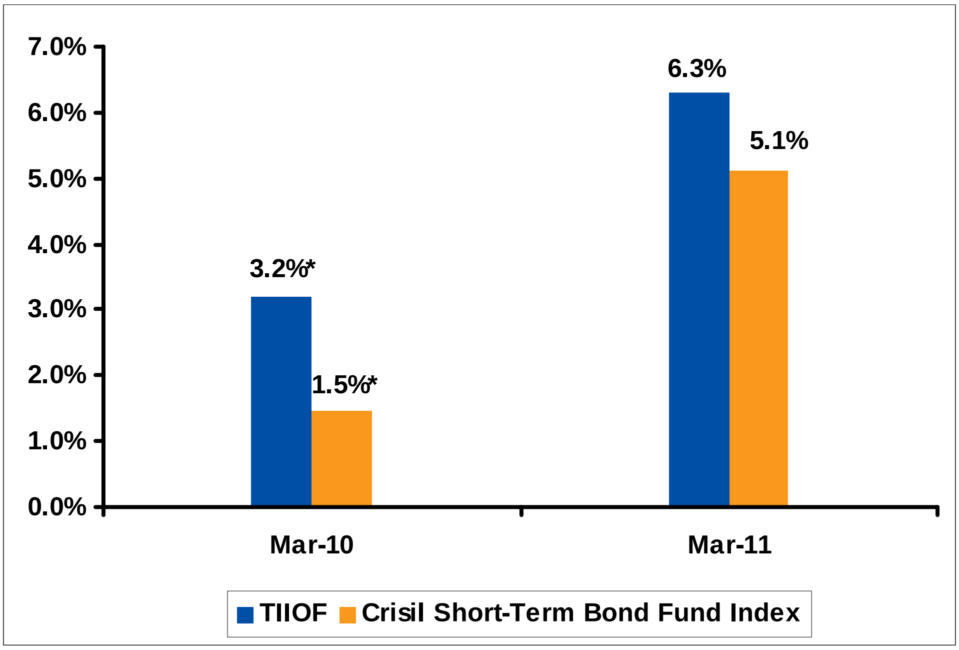


TIIOF

Absolute returns	1 Year	3 Years	5 Years	Since Inception
TIIOF	6.06%	N. A.	N. A.	7.48%
Crisil Composite Bond Fund Index	5.00%	N. A.	N. A.	5.07%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: December 11, 2009.

Absolute Returns for last 5 financial years:

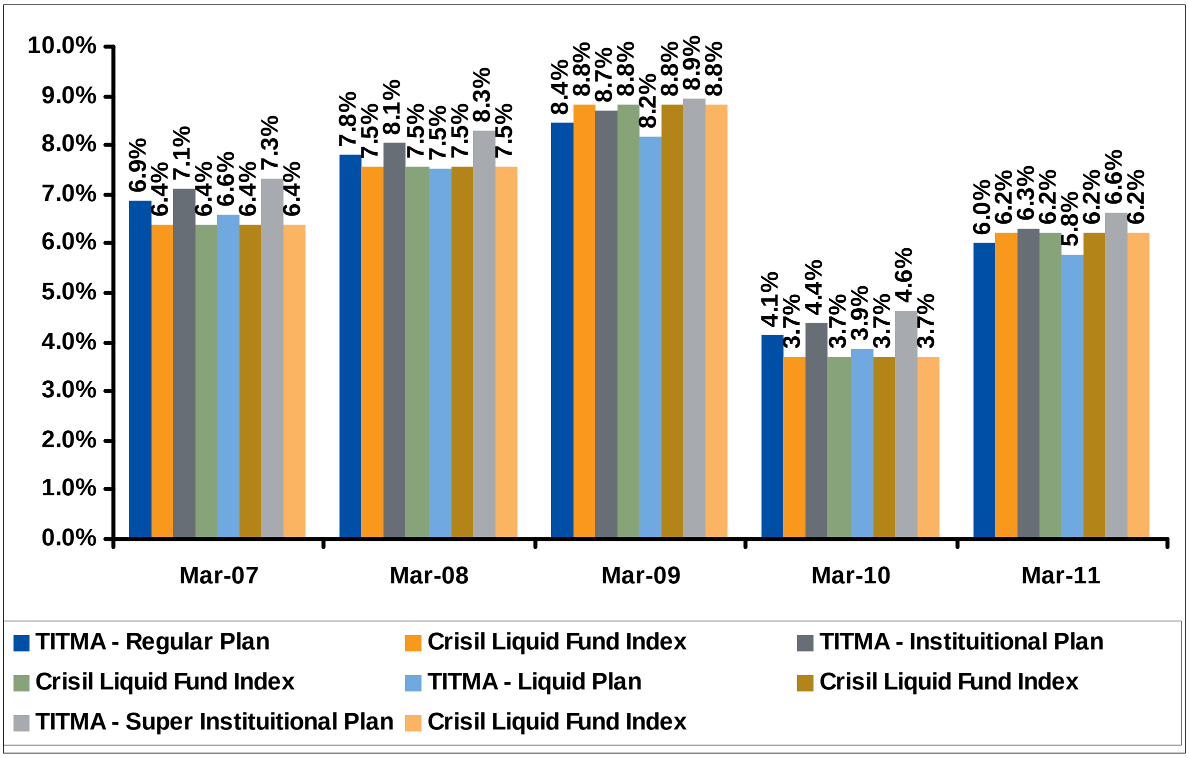


TITMA

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
TITMA - Regular Plan	6.75%	6.21%	6.70%	7.04%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	N.A
TITMA - Institutional Plan	7.02%	6.48%	6.97%	6.51%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	6.04%
TITMA – Liquid Plan	6.48%	5.95%	6.44%	6.05%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	6.12%
TITMA – Super Institutional Plan	7.34%	6.74%	7.21%	7.05%
Crisil Liquid Fund Index	6.90%	6.19%	6.51%	6.38%

Returns based on Growth Plan NAV of May 31, 2011. Inception date: April 29, 1998 (Regular), September 17, 2004 (Liquid), June 22, 2004 (Institutional), September 02, 2005 (Super Institutional).

Absolute Returns for last 5 financial years:



Note: For the schemes/plans launched during the year, the returns for the financial year are since inception date of the scheme / plan.

PORTFOLIO TURNOVER

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. Portfolio turnover in the scheme will be a function of market opportunities. The scheme is an open-end scheme. It is expected that there would be a number of subscriptions and repurchases on a daily basis. Consequently it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The AMC will endeavour to optimise portfolio turnover to optimise risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for securities held in the portfolio rather than an indication of change in AMC's view on a security etc. However, the AMC will take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets.

INVESTMENT BY AMC IN THE SCHEME

Franklin Templeton Asset Management (India) Private Limited, the asset management company may invest in the Scheme. However, as per SEBI (Mutual Funds) Regulations, 1996, Franklin Templeton Asset Management (India) Private Limited will not charge any Investment Management Fee for its investment in the Scheme. In addition, the funds managed by the sponsors, Franklin Templeton Group may invest in the Scheme.

04. UNITS AND OFFER

PLAN AND OPTIONS

The various Plans and Options offered under the respective schemes are as follows:

Scheme	Plans and Options
Templeton India Income Fund (TIIF)	Growth Plan Dividend Plan (with Reinvestment and Payout Options).
Templeton India Low Duration	• Monthly Dividend Plan (MD)

Scheme	Plans and Options
Fund (TILDF)	• Quarterly Dividend Plan (QD) • Growth Plan (GP) Growth Plan was introduced w.e.f. July 26, 2010. The Dividend Plans further offers Reinvestment and Payout Options.
Templeton India Government Securities Fund (TGSF)	• Composite Plan (CP) with Growth Option and Dividend Option • Long Term Plan (LT) with Quarterly Dividend Option (with Reinvestment & Payout Facility), Growth Option and Bonus Option • PF Plan (PF) with Growth Option and Dividend Option • Treasury Plan (TP) with Growth Option and Dividend Option Composite Plan and PF Plan have a common portfolio. Long Term Plan and Treasury Plan have separate portfolios. Long Term Plan was introduces w.e.f July 9, 2004. Treasury Plan was introduced w.e.f. February 11, 2002. PF Plan was introduced w.e.f. April 19, 2004.
Templeton Floating Rate Income Fund (TFIF)	- **Retail Plan** with Growth Option and Dividend Option (with Reinvestment & Payout Facility) - **Institutional Plan** with Growth Option & Dividend option (with Reinvestment & Payout facility) - **Super Institutional Plan** with Growth Option and Daily Dividend Option (Reinvestment Facility only)
Templeton India Short-Term income Plan (TISTIP)	• **Retail Plan** with – Growth Option – Bonus Option – Weekly Dividend Option (with Reinvestment facility only) – Monthly Dividend Option (with Reinvestment and Payout facility) – Quarterly Dividend Option (with Reinvestment and Payout facility) • **Institutional Plan** with – Growth Option – Weekly Dividend Option (with Reinvestment facility only) – Monthly Dividend Option (with Reinvestment and Payout facility)
Templeton India Income Builder Account (TIIBA)	Choice of two Plans - **Plan A** and **Plan B** Each Plan offers choice of – Growth Plan (GP) – Bonus Plan (BP) – Annual Dividend Plan (AD) – Half-yearly Dividend Plan (HD) – Quarterly Dividend Plan (QD) – Monthly Dividend Plan (MD) The Dividend Plans further offer choice of Reinvestment and Payout Options.
FT India Monthly Income Plan (FTIMIP)	Choice of two Plans - **Plan A** and **Plan B** Each Plan offers choice of – Growth Plan (GP) – Bonus Plan (BP) – Quarterly Dividend Plan (QD) – Monthly Dividend Plan (MD) The Dividend Plans further offer choice of Reinvestment and Payout Options.
Templeton India Ultra-short Bond Fund	**Retail Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option. **Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option. **Super Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout Facility) and Daily Dividend (Reinvestment) Option
Templeton India Income Opportunities Fund	Growth Plan Dividend Plan (with Reinvestment and Payout Options).

Scheme	Plans and Options
Templeton India Treasury Management Account	**Regular Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Liquid Plan** Offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option. **Super Institutional Plan** offers choice of Growth Option, Weekly Dividend Option (with Reinvestment and Payout facility) and Daily Dividend Reinvestment Option.

TGSF – PF Plan

PF Plan was introduced with a view to invite Provident Funds, Super Annuation and Gratuity Trusts.

Highlights of PF Plan:

A. Investors can prescribe a maturity date at the time of investment, or at a later date under the feature called Prescribed Maturity Date. Moreover, investors have the flexibility to change the same twice a financial year, provided the same is communicated to the fund's office atleast 3 business days before the maturity date.
B. Investors can also opt for the appreciation withdrawal option either at the time of investing or at a later date. Under the appreciation withdrawal option, investors can choose to withdraw the capital appreciation at three frequencies: Quarterly, Half yearly and Annual. Investors can choose to withdraw or reinvest such appreciation back into their account.
C. For all additional purchases, the investor may choose to provide a maturity date either at the time of investment or at a later date.
D. Systematic Investment Plan facility will be available in this plan.

Growth Plan

Under the Growth Plan, the returns to investors will be available in the form of capital appreciation. There will be no dividend declaration under this option. Instead the growth in NAV will reflect the appreciation of the value of investment.

Dividend Plan

Under the Dividend Option, it is proposed to distribute the returns to the investors in the form of dividends out of distributable surplus. The AMC/Trustee may, at their discretion, approve the distribution of dividends out of distributable surplus to unit holders in the Dividend Option whose names appear in the Register of Unit holders on the record date. Investors have the option of reinvesting the dividend (Dividend Reinvestment) or receiving cash payouts (Dividend Payout).

Dividend Payout Option:

A Unitholder opting for the Dividend Plan may choose to receive cash payouts of the dividend amount. Please note that where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.20/- or less, the same will be **compulsorily reinvested in the Scheme**.

Dividend Reinvestment Option:

A Unitholder opting for the Dividend Plan may choose to reinvest the dividend to be received in additional units of the scheme. The dividend due and payable to the unit holder will be automatically reinvested at the NAV of the immediately following Business Day. In case of Daily Dividend Plan, dividend declared shall be automatically reinvested back into the Plan at the first NAV prevailing after the dividend is distributed. The dividend so reinvested shall be construed as payment of dividends to the unit holder and construed as receipt of the same amount from each unit holder for reinvestment in units.

On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the NAV applicable on the day of reinvestment, as explained above.

Bonus Plan

Under this option, distributable profits will be capitalised in the form of bonus units. A separate account (bonus units account) will be created and such units will be credited and maintained in this account.

Both the accounts will have distinctive account numbers. While all transactions such as purchases, redemptions, exchanges etc. can be made in the investment account, only redemptions and exchange out transactions can be made in the bonus units account.

Consolidation of Templeton Floating Rate Income Fund (TFIF)

The scheme, TFIF was consolidated by merging the Short Term Plan (ST) of TFIF into Long Term Plan (LT) of TFIF as on November 26, 2010. Further, the portfolio of TFIF-ST as on the date of merger, which was valued as per SEBI Guidelines, was merged with the portfolio of TFIF-LT. Consequent to the merger,

- The Retail Option under TFIF-ST was merged into Retail Option under TFIF-LT;
- The Institutional Option in TFIF-ST was merged into Institutional Option under TFIF-LT;
- The Growth and Dividend Reinvestment Options under each merging Option of TFIF-ST were merged into the Growth and Dividend Reinvestment Options under each merged Option of TFIF-LT, respectively.

Subsequent to the merger, the nomenclature 'Long Term Plan' was deleted from the name of the continuing scheme/plan and the scheme with the consolidated portfolio is now referred as Templeton Floating Rate Income Fund. The scheme continues to be categorised as debt (non liquid) scheme.

In respect of the units in TFIF-ST which were under any lien or encumbrance, such lien or encumbrance has continued on the units allotted in TFIF-LT on account of merger.

DEFAULT PLAN/OPTION

The investors must clearly indicate the Plan and Option (Growth or Dividend / Reinvestment or Payout) in the relevant space provided for in the Application Form. In the absence of such instruction, it will be assumed that the investor has opted for the **Default Options**, which are as follows:

Scheme	Default Plan / Option
TIIF, TIIOF	Dividend Reinvestment
TILDF	Monthly Dividend Reinvestment
TGSF	Composite Plan / Dividend Reinvestment
TFIF	Retail Plan / Dividend Reinvestment
TISTIP	Weekly Dividend Reinvestment
TIIBA	Plan B / Annual Dividend Reinvestment
FTIMIP	Plan B / Monthly Dividend Reinvestment
TIUBF	**Default Plan:** For investment amount Rs.5 crores & above: Super Institutional Plan, for investment amount Rs.1 crore & above but less than Rs.5 crores: Institutional Plan, for others: Retail Plan **Default Option:** Daily Dividend (Reinvestment) Option
TITMA	Liquid Plan / Weekly Dividend Reinvestment Option

The Trustee / AMC reserve the right to alter / vary the default plan / option, after giving notice.

DIVIDEND POLICY

The Trustee may declare dividends in the scheme at any time and at such frequency (such as daily, weekly, monthly, quarterly, half-yearly, annually etc.) as it deems appropriate though there is no assurance or guarantee to the Unitholders as to the rate of dividend distribution nor that the dividend will be regularly paid. Distribution of dividend is subject to availability and adequacy of distributable surplus. The Trustees may declare dividends at any periodicity as it deems fit to the Unitholders in the Dividend Plan, whose names appear on the Unitholders' register on the record date.

The scheme reserves the right to suspend sale of units for such period of time as it deems necessary before the record date to ensure proper processing.

Dividends will be distributed within 30 days of the declaration of the dividends and payments will be sent to the unit holder's registered name and bank account number (if provided).

Dividends will be paid by cheque, net of taxes as may be applicable, and payments will be in favour of the Unitholder's registered name or, if there is more than one registered holder, of the first-named registered holder on the original Application Form. To safeguard the interest of Unitholders from loss or theft of dividend cheques, investors are encouraged to provide the details of their bank account in the Application

Form. Dividend cheques will be sent in accordance with such information. The Trustee may not declare a dividend at all in the event of inadequacy of distributable income. There is no assurance or guarantee to Unitholders as to the periodicity of dividend; rate of dividends distribution nor that dividend will be regularly paid. Dividend so declared may be reinvested in the Schemes at the first ex-dividend NAV. The dividends so reinvested shall be constructive payment of dividends to the Unitholders and constructive receipt of the same amount from each Unitholder for reinvestment in Units.

Record dates for declaration of dividend

The procedure of declaring dividend and fixing of record dates will be in accordance with SEBI circular dated April 4, 2006. In terms of the circular, the public notice for dividend and record date will not be necessary where the frequency of the dividend is from daily up to monthly.

ONGOING OFFER DETAILS

The Scheme is perpetually open for subscription & redemption on an ongoing basis with announcements of NAV for every Business Day, except during the period when there is a book closure. The Units can be purchased and redeemed at the Applicable NAV, subject to applicable load.

The Trustee also reserves its right to limit the redemptions as laid down under the section 'Right to Limit Redemptions'.

Who Can Invest

The scheme units (except TGSF – PF Plan) can be purchased by the following entities (subject to the applicable legislation/regulation governing such entities):

1. Adult individuals, either singly or jointly (not exceeding three), resident in India.
2. Parents/Guardian on behalf of minors.
3. Companies/ Domestic Corporate Bodies/ Public Sector Undertakings registered in India.
4. Charitable, Religious or other Trusts authorised to invest in units of mutual funds.
5. Banks, Financial Institutions and Investment Institutions.
6. Non-Resident Indians, Persons of Indian Origin residing abroad (NRIs) on full repatriation basis and on non-repatriation basis but not United States Persons within the meaning of Regulation S under the United States Securities Act of 1933, as amended from time to time.
7. Foreign institutional investors and their sub accounts on full repatriation basis (subject to RBI approval).
8. Hindu Undivided Family (HUF).
9. Wakf Boards or Endowments / Societies / Co-operative societies / Association of Persons or Body of individuals (whether incorporated or not), Trusts and clubs authorised to invest in units of mutual funds.
10. Sole Proprietorship, Partnership Firms.
11. An association of persons or body of individuals whether incorporated or not.
12. Army/Air Force/Navy/Para-military funds and other eligible institutions.
13. Scientific and/or industrial research organizations.
14. Other Associations, Institutions, Bodies etc. authorized to invest in the units of mutual funds.
15. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.
16. Mutual fund Schemes can also invest in the Scheme, subject to SEBI Regulations applicable from time to time.

The units of TGSF – PF Plan can be purchased by the following entities (subject to the applicable legislation/regulations governing such entities):

1. Provident Funds
2. Superannuation, Pension, Welfare and Gratuity Funds
3. Charitable or Religious Trusts authorized to invest in units of mutual funds
4. Trustees of Private Trusts authorized to invest in Mutual Fund Schemes under their trusts deeds
5. Any other retirement benefit funds, introduced from time to time.

Units of the schemes of Franklin Templeton Mutual Fund is an eligible investment for charitable and religious trusts under the provisions of Section 11(5)(xii) of the Income Tax Act, 1961, read with Rule 17C of the Income Tax Rules, 1962. Further, the Government of Maharashtra has authorized and declared the following schemes as 'public security' under the Bombay Public Trusts Act, 1950 in its order dated

January 19, 2002: Templeton India Income Fund, Templeton India Government Securities Fund and Templeton Monthly Income Plan (now known as Templeton India Low Duration Fund).

In view of the individual nature of implications, the investors are advised to consult their own advisors to ascertain if they are eligible to invest in the scheme as per the laws applicable to them and whether the scheme is suitable for there risk profile.

Where can you submit the filled up Application Form

Investors can purchase Units of the Scheme by completing the Application Form and delivering it along with full payment at any of the Franklin Templeton Branch Offices [Investor Service Centre (ISC)] / Collection Centres or may be routed through an AMFI registered Agent/distributor/broker.

A list of the addresses of the ISC and Collection Centres is given at the end of this Scheme Information Document.

How to apply

Investors can subscribe for the Units of the Scheme by completing the Application Form and delivering it at any Investor Service Centre or Collection Centre.

Please refer to the SAI and the Key Information Memorandum / Application Form for the instructions.

Official Points of Acceptance of Transaction

As per SEBI Circular SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, FTMF hereby declare all its branch offices [Investor Service Centres (ISC)], the designated branch offices of **Karvy Computershare Private Limited** (Karvy) and **Computer Age Management Services Private Limited** (CAMS) (termed as **Collection Centres**) and FTMF's website (www.franklintempletonindia.com) as the Official Points of Acceptance of Transactions ("OPAT"). Additionally, the Secured internet site hosted or managed by CAMS will also be OPAT in respect of the transactions routed through the distributors who have registered for this facility (in accordance with the terms and conditions, as may be prescribed from time to time). The "cut off time" mentioned in the Scheme Information Document shall be reckoned at these official points. All transaction (purchase/redemption/switch) applications must be demonstrably received by the Mutual Fund at these OPAT.

Further in case of transactions done through the stock exchange infrastructure, all the Eligible Stock Brokers will be considered as the OPAT for the transactions done under this facility. The cut-off timing and applicability of NAV for the transaction will be determined in accordance with the provisions of SEBI circular no. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006. The day and time of receipt of the transaction application by FTMF will be based on the time stamping as evidenced by the confirmation slip generated by the stock exchange infrastructure.

AVAILABILITY OF FORMS

Key Information Memorandum / Application Forms and copies of this Scheme Information Document are available from the Investor Service Centres at their respective locations set forth in the Application Form or on the reverse of this Scheme Information Document, in addition to the Head Officer of the Mutual Fund. Application Forms are also available with the approved intermediaries of the Mutual Fund as well as on the website of the mutual fund www.franklintempletonindia.com

MANDATORY INFORMATION

As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications and therefore, investors are requested to fill-up the appropriate box in the application form failing which applications are liable to be rejected.

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected.

In terms of SEBI circulars dated April 27, 2007, April 03, 2008 and June 30, 2008 read with SEBI letter dated June 25, 2007, **Permanent Account Number (PAN) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction**, except (a) investors residing in the state of Sikkim; (b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) and (c) investors participating only in micro-pension. SEBI, in its subsequent letter dated June 19, 2009 has conveyed that systematic investment plans (SIP) of mutual funds up to Rs.50,000/- per year per investor shall be exempted from the requirement of PAN.

Accordingly, SIPs where the aggregate of instalments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs.50,000/- (referred to as "Micro SIP") shall be exempt from the requirement of PAN. However, a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. This exemption will be applicable only to investments through Micro SIP by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption.

Thus, submission of PAN is mandatory for all existing as well as prospective investors (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for investing with mutual funds from this date. Investors are required to register their PAN with the Mutual Fund by providing the PAN card copy (along with the original for verification which will be returned across the counter). **All investments without PAN (for all holders, including Guardians and POA holders) are liable to be rejected.**

All investments in Franklin Templeton Mutual Fund need to comply with the PAN and KYC requirements as noted above.

Non acceptance of Third party Payment

The Mutual Fund/AMC shall not accept subscriptions with Third Party payment instruments in the schemes, except in following cases:

(a) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP instalment);
(b) Payment by Employer on behalf of employee under SIP through Payroll deductions;
(c) Payment by Employer towards subscription in the name of employees as bonus/incentive paid in form of mutual fund units; and
(d) Custodian on behalf of an FII or a client.

For this purpose (i) Third Party payment shall mean payment made through instruments issued from an account other than that of the beneficiary investor. It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made; and (ii) 'related persons' shall mean such persons as may be specified by the AMC from time to time.

The investors making an application under the exception cases mentioned above need to submit such declarations and other documents / information as may be prescribed by the AMC from time to time.

The AMC may specify such procedures for registration of one or more bank accounts of the investor for their mutual fund folio/accounts and its verification, as may be deemed appropriate from time to time.

Minimum Application Amount

Schemes	Fresh Purchase by new applicant (Rs.)	Additional Purchases by existing unitholders (Rs.)
TIIF	10,000	1,000
TIIBA	**Plan A:** 50,00,001/- **Plan B:** MD/QD – Rs.25,000/-, HD/AD/GP/BP – RS.10,000/-. Fresh/additional purchase (including switch-in) by an investor on a single day in Plan B will be allowed/accepted only up to Rs.50 Lacs per application.	**Plan A & B:** 1,000/- Fresh/additional purchase (including switch-in) by an investor on a single day in Plan B will be allowed/accepted only up to Rs.50 Lacs per application

Schemes	Fresh Purchase by new applicant (Rs.)	Additional Purchases by existing unitholders (Rs.)
TISTIP	Retail: 5,000 Institutional: 5 crore*	Retail: 5,000/- Institutional: 1 crore*
TIUBF	Retail: 10,000/- Institutional: 1 crores* Super Institutional: 5 crores*	Retail: 1,000/- Institutional: 1 Lac* Super Institutional: 5 Lacs*
TFIF	Retail: 10,000/- Institutional: 1 crores* Super Institutional: 5 crores*	Retail: 1,000/- Institutional: 1 Lac* Super Institutional: 5 Lacs*
TGSF	CP/LT- GR: 10,000, DP: 25,000 PF- 25,000, TP- 5,000	CP/LT- GR/DP: 1000 PF- Rs. 5,000, TP- Rs.5,000
TILDF	MD / QD: 25,000 GP: 10,000	MD / QD: 5,000 GP: 1,000
FTIMIP	**Plan A:** MD/QD – Rs. 40,000/-, GP/BP – Rs.20,000/- **Plan B:** MD/QD – Rs.25,000/-, GP/BP – RS.10,000/-.	Plan A & B: 1,000/-
TIIOF	5,000/- Purchase (including switch-in) by an investor in each Plan will be allowed / accepted only up to Rs.5 crores per application.	5,000/- Purchase (including switch-in) by an investor in each Plan will be allowed / accepted only up to Rs.5 crores per application.
TITMA	Regular / Liquid: 10,000/- Institutional: 1 crores* Super Institutional: 5 crores* Weekly Dividend Payout option of Liquid Plan and Regular Plan: 25 Lacs	Regular / Liquid: 1,000/- Institutional: 1 Lac* Super Institutional: 5 Lacs* Weekly Dividend Payout option of Liquid Plan and Regular Plan: 1 Lac

*Only direct credit / Transfer cheque to the Fund's Account or switches/transfers from other Franklin Templeton Schemes/Plans as per the cut off time of the Fund, will be accepted as a mode of subscription.

The application amount for Fresh Purchases, Additional Purchases and Switches in excess of the minimum subscription amount specified above for each respective scheme is any amount in multiple of Re.1/-.

Except in case of TIIBA – Plan B and TIIOF, there is no upper limit on the investment amount. The Trustee reserves the right to vary these limits from time to time, in the interest of investors.

Sale Price for ongoing purchases

For on-going subscriptions, sale price is calculated based on the "Applicable NAV". All the applications will be processed at the Applicable NAV based on the date and time of their receipt at the ISC / Collection Centre, as evidenced by the electronic date / time stamp affixed at the ISC or Collection Centre.

CUT OFF TIMING FOR SUBSCRIPTIONS

Pursuant to SEBI guidelines, the cut off timings and the applicability of Net Asset Value of the schemes is under:

In case of Liquid scheme (TITMA):

In respect of valid applications received* up to 2:00 p.m. on a day by the Mutual Fund and funds are available for utilisation on the same day before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day of receipt of application shall be applicable.

In respect of valid applications received* after 2:00 p.m. on a day by the Mutual Fund and funds are available for utilisation on the same day without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the next Business Day shall be applicable.

However, irrespective of the time of receipt* of application, where the funds are not available for utilisation on the day of the application before the cut-off time (2:00 p.m.) without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day on which the funds are available for utilisation before the cut-off time (2:00 p.m.) shall be applicable, provided the application is received prior to availability of the funds.

For determining the availability of funds for utilisation, the funds for the entire amount of subscription/purchase (including switch-in) as per the application should be credited to the bank account of the scheme before the cut-off time and the funds are available for utilisation before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective scheme.

In case of other schemes:

For amount less than Rs.1 crore

In respect of valid applications received* up to 3.00 p.m. by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.

In respect of valid applications received* after 3.00 p.m. by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.

However, in respect of valid applications with outstation cheques/demand drafts not payable at par at the place where the application is received*, closing NAV of the day on which cheque/demand draft is credited to the account of Franklin Templeton Mutual Fund shall be applicable.

For amount Rs.1 crore or more:

In respect of valid applications received* up to 3:00 p.m. by the Mutual Fund and the funds are available for utilisation on the same day before the cut-off time - the closing NAV of the day on which the funds are available for utilisation shall be applicable.

In respect of valid applications received* after 3:00 p.m. by the Mutual Fund and the funds are available for utilisation on the same day - the closing NAV of the Business Day following the day on which the funds are available for utilisation shall be applicable.

However, irrespective of the time of receipt of application, where the funds are not available for utilisation on the day of the application, the closing NAV of the Business Day on which the funds are available for utilisation before the cut-off time (3:00 p.m.) shall be applicable provided the application is received* prior to availability of the funds.

For determining the availability of funds for utilisation, the funds for the entire amount of subscription/purchase (including switch-in) as per the application should be credited to the bank account of the scheme before the cut-off time and the funds are available for utilisation before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective scheme.

The Trustee/AMC may alter the limits and other conditions in line with the SEBI Regulations.

Allotment of Units / Refund

Full allotment will be made to all valid applications received during continuous offer period. Refund of subscription money will be made to applicants without any return, in case applications are invalid or are rejected. An Account Statement containing the number of Units allotted will be issued within 10 working days from the date of allotment.

The allotment of units is subject to realisation of the payment instrument. Units purchased can be redeemed only after realisation of cheques.

The Trustee is entitled, in its sole and absolute discretion, to reject any Application.

Fractional Units

Investors may have Account Statements that show an issuance of fractional Units. Fractional Units will be computed and accounted for up to three decimal places using standard rounding criteria. Fractional Units in no way will affect an investor's ability to redeem Units.

LISTING

Being an open-end scheme, the units of the scheme will not be listed at any stock exchange. However, subject to the Regulations, the Trustee may decide to list the units of the scheme on any recognised stock exchange.

How to Redeem Units

In order to redeem units, investors must submit a redemption request by filling-up the pre-printed forms and submit / mail the same to any Investor Service Centre (ISC) / Collection Centre. All redemption request forms must contain the investor's Folio / Account Number and be duly signed.

Redemption requests by telephone, telegram, fax or other means or that lack valid signatures may not be accepted.

The Fund, however, may limit the right to make redemptions. See "Right to Limit Redemptions" below.

Redemption Price

A valid redemption request received on any Business Day will be processed at the "Applicable NAV", subject to applicable load.

All the applications will be processed at the Applicable NAV, subject to applicable load, based on the date and time of their receipt at the ISC, as evidenced by the electronic date / time stamp affixed at the ISC.

The repurchase / exit load shall be charged as a percentage of Net Assets Value (NAV) i.e. applicable load as a percentage of NAV will be deducted from the NAV to calculate repurchase price.

To further elaborate, the redemption price is calculated by multiplying the "Applicable NAV for Redemption" by (1 – Exit Load). The redemption price will be calculated to four decimals using standard rounding criteria. For example, if the "Applicable NAV for Redemption" (rounded) is Rs.12.3269 and the exit load applied is 0.5%, the redemption price will be calculated as follows:

Redemption Price	=	Applicable NAV for Redemption * (1- Exit Load)
	=	12.3269 * (1-0.005)
	=	Rs.12.26526550
	=	Rounded off to Rs.12.2653

CUT OFF TIMING FOR REDEMPTIONS

Pursuant to SEBI guidelines, the cut off timings and the applicability of Net Asset Value of the scheme is under:

In case of Liquid scheme (TITMA):

In respect of valid applications received up to 3:00 p.m. by the Mutual Fund, the closing NAV of the day immediately preceding the next business day shall be applicable.

In respect of valid applications received after 3:00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

In case of other schemes:

In respect of valid applications received up to 3.00 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3.00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

Minimum redemption amount

Schemes	Amount (Rs.)
TIIF / TIIOF / TILDF / TIIBA / FTIMIP	1,000
TGSF	CP/LT/PF/TP – 1,000
TFIF	Retail – 1,000 Institutional – 1 Lac Super Institutional – 10 Lacs
TISTIP	Retail - 1,000/- Institutional - 1 Lac
TIUBF	Retail – 1,000 Institutional – 1 Lac Super Institutional – 10 Lacs
TITMA	Regular / Liquid – 1,000 Institutional – 1 Lac Super Institutional – 10 Lacs

The application amount for redemption in excess of the minimum amount specified above for each respective scheme is any amount in multiple of Re. 1/-.

The Trustee reserves the right to vary these limits from time to time, in the interest of investors.

Unitholder may request the redemption of a certain specified Rupee amount or of a certain number of Units. If a redemption request is for both a specified Rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. In the case where a Rupee amount is specified or deemed to be specified for redemption, the number of Units redeemed will be the amount redeemed divided by the applicable NAV. Redemption requests will be honoured to the extent permitted by the credit balance in the Unitholder's account. The number of Units so redeemed will be subtracted from the Unitholder's account and a statement to this effect will be issued to the Unitholder. If the redemption request exceeds the Balance in the account then the account would be closed and balance sent to the investors. To pay the investor the redemption amount requested for (in Rupees), Franklin Templeton will redeem that many units as would give the investor the net redemption amount requested for, after deducting exit load as applicable from time to time.

Facility for subscription and redemption of units through stock exchange infrastructure:

Franklin Templeton offers the facility to subscribe and redeem the units of schemes of Franklin Templeton Mutual Fund through the infrastructure of the National Stock Exchange of India Ltd. ("NSE") and The Bombay Stock Exchange Ltd. ("BSE"). This facility is offered in terms of SEBI circular no. SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009 and the guidelines issued by NSE and BSE in this regard.

This facility is currently available in **Templeton India Short Term Income Plan (TISTIP)** and **Templeton India Income Opportunities Fund (TIIOF)** for subscription of amount less than Rs.1 crore and redemption. Further, this facility is currently not available for Bonus Option under Retail Plan of TISTIP.

The salient features of this facility are as follows:
1. Eligible investors – This facility is currently available only to Individuals, HUF and Minors acting through guardian, who are Resident in India.
2. This facility for subscription (fresh purchase and additional purchase) and redemption of units of the eligible schemes is available for new investors as well as existing investors. Currently, Switch transactions and systematic transactions such as Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), Systematic Withdrawal Plan (SWP) and Dividend Transfer Plan (DTP) will not be permitted.
3. In order to facilitate the transactions under this facility, NSE has launched Mutual Fund Service System ("MFSS") and BSE has introduced Bombay Stock Exchange Platform for Allotment and Redemption of Mutual Fund Units ("BSE StAR MF"). All trading members and clearing members of NSE and BSE who are registered with the Association of Mutual Funds in India ("AMFI") as Mutual Fund Advisors and are empanelled as distributor with Franklin Templeton Asset Management (India) Pvt. Ltd., the AMC, ("Eligible Stock Brokers" / "Eligible Clearing Members") will be eligible to offer this facility to the investors.
4. Eligible investors who are willing to transact under this facility are required to register themselves with the Eligible Stock Broker / Eligible Clearing Members.

5. All the Eligible Stock Brokers and Eligible Clearing Members will be considered as the Official Point of Acceptance of Transaction ("OPAT") for the transaction done under this facility. The cut-off timing and applicability of NAV for the transaction will be determined in accordance with the provisions of SEBI circular no. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006. The day and time of receipt of the transaction application by FTMF will be based on the time stamping as evidenced by the confirmation slip generated by the stock exchange infrastructure.
6. The investors have an option to hold the units in physical form (account statement) or dematerialised form. International Security Identification Numbers (ISIN) in respect of the plans/option of the eligible schemes have been created and admitted in the National Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL"). Units shall be allotted in physical form or dematerialised form as per the request of the investor.
7. **For units issued in physical form (represented by Account Statement)**
   7.1 Investors desirous of transacting (subscription or redemption) through the stock exchange infrastructure should approach an Eligible Stock Broker along with the duly filled in Application Form and other documents (including PAN and KYC) as required. For subscriptions, the payment of subscription money should be made to the Eligible Stock Broker.
   7.2 Dispatch of Account Statements and payment of redemption proceeds will be made by the Mutual Fund directly to the investor as per the normal service standard. The redemption payout will be made to the investor's bank account as registered with the AMC based on the information furnished by the investor.
   7.3 The Eligible Stock Brokers are required to submit the original Application Form and other documents received from the investors to the AMC/ Registrar. In case of a subscription transaction, the allotment of units will be on 'Provisional' basis till the time the AMC/Registrar has received all the required documents from the Eligible Stock Broker. Any application for redemption of units so allotted on provisional basis will be rejected.
   7.4 In case the investor wishes to dematerialise the units held in physical form, the AMC will facilitate the same with the Registrar, Depositories and Depository Participants.
8. **For units issued in dematerialised form**
   8.1 Investors desirous of investing in dematerialised form need to have a Beneficiary Account with a Depository Participant (DP).
   8.2 Investors desirous of transacting (subscription or redemption) through the stock exchange infrastructure should place the order with an Eligible Stock Broker or Eligible Clearing Member as currently followed for secondary market activities. For subscriptions, the payment of subscription money should be made to the Eligible Stock Broker or the Eligible Clearing Member. Investors shall receive units through broker/clearing member's pool account. FTMF would credit the units into broker/clearing member's pool account and broker/clearing member in turn to the respective investor's demat account.
   8.3 Completion of the PAN and KYC requirements of the Depository/ Depository Participant will be considered to be adequate compliance with the guidelines issued by SEBI in this regard for investment in mutual funds.
   8.4 For redemptions, investors shall receive redemption amount through broker/clearing member's pool account. Payment of redemption proceeds will be made by FTMF to the broker/clearing member and broker/clearing member in turn to the respective investor.
   8.5 Payment of redemption proceeds to the broker/clearing members by FTMF shall discharge FTMF/the AMC of its obligation of payment to individual investor. Similarly, in case of subscription, crediting units into broker/clearing member pool account shall discharge FTMF/the AMC of its obligation to allot units to individual investor.
   8.6 The Account Statement of the Beneficiary Account with the DP will be sent by the respective DPs as per their service standards. The Account Statement issued by the DPs will be considered as adequate compliance of the requirements specified by SEBI for mutual funds with respect to dispatch of account statement to investors.
   8.7 In case the investor wishes to re-materialise the units held in demat form, the AMC will facilitate the same with the Registrar, Depositories and Depository Participants.
9. For any complaints or grievances against the Eligible Stock Broker/Eligible Clearing Member with respect to the transactions done through the stock exchange infrastructure, the investor should contact either the concerned Eligible Stock Broker/Eligible Clearing Member or the investor grievance cell of the respective stock exchange. For non commercial transactions/service requests such as change in address, change in bank mandate, issue of duplicate account statements etc., the investors should approach any of the Franklin Templeton Investor Service Centres in case the units are held in physical form and to their respective Depository Participant (DP) in case the units are held in demat form.
10. Applications which are incomplete or invalid in any respect or are conditional or ambiguous are liable to be rejected.

11. The investors will have to comply with the PAN and KYC requirements as prescribed by SEBI/BSE/NSE/NSDL/CDSL/Franklin Templeton Mutual Fund from time to time.
12. The facility shall be subject to the terms and conditions specified and guidelines issued by SEBI/BSE/NSE from time to time.
13. The Trustee/AMC reserves the right to change/modify or discontinue the facility at any time in future.

Minimum balance to be maintained and Right to close an investor's account

The Mutual Fund may close out an investor's account whenever, due to redemptions, the value of the account falls below the following minimum account balance for the respective Schemes and the investor fails to purchase sufficient Units to bring the value of the Account up to the minimum amount or more, after written notice is sent by the Mutual Fund.

Schemes	Minimum account Balance for closure of the Investor's Account (Rs.)
TIIF	2000/-
TILDF	10,000/-
TGSF	5000/-
TFIF	Retail: 2,000/- Institutional: 1 Lac Super Institutional: 10 Lac
TISTIP	Retail: 1,000/- Institutional: 1 Lac
TIIBA / FTIMIP / TIIOF	1,000/-
TIUBF	Retail: 1,000/- Institutional: 1 Lac Super Institutional: 10 Lac
TITMA	Regular / Liquid: 1,000/- Institutional: 1 Lac Super Institutional: 10 Lac

Right to limit redemptions

The Trustee may, in its sole discretion, in response to unforeseen circumstances or unusual market conditions, limit the total number of Units which may be redeemed on any Business day to 5% of the total number of Units then in issue (or such higher percentage as the Trustee may determine in any particular case). In addition, the Trustee reserves the right, in its sole discretion, to limit redemptions with respect to any single account to an amount as mentioned below for each respective scheme, in a single day.

Schemes	Limit on redemption with respect to any single account in a single day (Rs.)
TIIF	10 Lacs
TILDF	2 Crores
TGSF	2 Crores
TFIF / TISTIP / TIIBA / FTIMIP / TIUBF / TIIOF / TITMA	1 Crore

Any Units which, by virtue of these limitations, are not redeemed on a particular Business Day will be carried forward for redemption on the next following Business Day in order of receipt. Redemptions carried forward will be made at the NAV in effect on the subsequent Business Day(s) on which the condition for redemption request is fulfilled. To the extent multiple redemptions are being satisfied in a single day under these circumstances, such payments will be made pro-rata based on the size of each redemption request. Under such circumstances, redemption cheques may be mailed out to investors within a reasonable period of time and will not be subject to the normal response time for redemption cheque mailing.

Suspension of sale or redemption of units

With the approval of the Boards of Directors of the Trustee and the Asset Management Company, the sale or redemption of Units may be suspended temporarily or indefinitely when any of the following conditions exist:

1. The equity / debt market stops functioning or trading is restricted.

2. Periods of extreme volatility in the equity / debt market, which, in the opinion of the Investment Manager, is prejudicial to the interest of the investors.
3. When there is a strike by the banking community or trading is restricted by RBI or other authority.
4. Period of extreme volatility in the equity / debt / money market, which in the opinion of the AMC and/or Trustee is prejudicial to the interest of the scheme's investors.
5. As and when directed by the Government of India or RBI or SEBI to do so or conditions relating to natural calamity/external aggression/internal disturbances etc. arises, so as to cause volatile movements in the money or debt market, which in the opinion of the AMC, will be prejudicial to the interest of the unitholders, if further trading in the scheme is continued.
6. Break down in the information processing/communication systems affecting the valuation of investments/processing of sale/repurchase request.
7. Natural calamity.
8. SEBI, by order, so directs.
9. Any other circumstances which in the opinion of the AMC and/or Trustee is prejudicial to the interest of the existing/prospective investors.

The approval from the Boards of AMC / Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

The Trustee also reserves the right in its sole discretion to withdraw sale of Units in the Scheme temporarily or indefinitely, if the Trustee views that increasing the Scheme's size further may prove detrimental to the existing/prospective Unitholders of the Scheme.

SPECIAL PRODUCTS AVAILABLE

Exchanges / Switch

Investors can, subject to any applicable restriction (such as lien/lock-in) exchange / switch investments from one scheme of Franklin Templeton Mutual Fund to another (e.g. Franklin India Bluechip Fund to Templeton India Growth Fund), and from one plan to another of the same scheme (i.e. from Dividend plan to Growth plan) at the applicable NAV (subject to applicable load) provided that

a. there is no book closure in either of the schemes/plans.
b. the investment sought to be exchanged is not under any lock-in period and are free of any encumbrances.
c. the amount sought to be exchanged is equal to or higher than minimum investment amount required for opening an account in the destination scheme/plan.

For this purpose, the units of that scheme/plan will be redeemed at the applicable NAV (subject to applicable load) and the net proceeds shall be invested in the destination scheme/plan at the applicable NAV (subject to applicable load).

The investors may please note the exchanges / switches in the schemes shall be subject to the terms and conditions of the respective schemes, including applicable lock-in-periods.

In the event of book closure in any of the schemes, the relevant exchange will be effected on the working day immediately following the end of the book closure period.

The Trustee/AMC reserves the right to alter/vary the terms of exchanges.

SYSTEMATIC INVESTMENT PLAN (SIP)

Mutual Fund Investors can benefit by investing specified rupee amounts periodically for a continuous period. This concept is called Rupee Cost Averaging. This savings program allows investors to save a fixed amount of rupees every month by purchasing additional units of the Fund. Therefore, the average unit cost will always be less than the average sale price per unit irrespective of the market being rising, falling or fluctuating. By investing a fixed amount of Rupees at regular intervals, investors can take advantage of the benefits of Rupee Cost Averaging, at the same time, saving a fixed amount each month.

The unitholder may avail Systematic Investment Plan (SIP) by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount and / or tenure (but not below the specified minimum) by giving written notice to the AMC/Registrar. An SIP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights

This facility is available in all plans and options of the all open end schemes of Franklin Templeton Mutual Fund, except TITMA and Institutional Plans and Super Institutional Plans of all other schemes.

- Franklin Templeton Mutual Fund will accept a minimum of 12 cheques ('cheques' include ECS/Direct Debit instructions or any other mode of payment accepted by the AMC from time to time) each of Rs.500/- or more or a minimum of 6 cheques each of Rs.1,000/- or more from any SIP investor.
- All the SIP cheques (except the first one) must be uniformly dated i.e. either the 1st, 7th, 10th, 20th or 25th of a month. Investors can invest at Monthly or Quarterly intervals by providing post-dated cheques. All cheques should be for the same amount.
- Only one instalment per month/quarter is allowed under one SIP registration. e.g., if for a monthly SIP, the first instalment is in the month July, say 2nd July, then the second instalment should be in August.
- To effect the ECS/Direct debit, investors must provide a cancelled cheque or copy thereof for the same account from which the ECS/Direct Debit is to be done.
- The amount of each SIP instalment should be less than Rs.1 crore.
- Load: For all SIP purchase transactions during ongoing sale, the entry and exit load as applicable for normal purchases shall be applicable [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].
- In case the specified date of SIP instalment is a non-business day for the scheme, the SIP will be processed on the following business day for that scheme.
- If during the currency of a SIP, the unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing SIP and re-registration of a new SIP and all the terms and conditions of the SIP such as minimum term/amount etc. shall apply in both plans/options.
- The AMC reserves the right to discontinue the SIP in case of cheque return or rejection of ECS/Direct Debit by the bank for any reason, and debit the return / rejection charges to the investors' account.
- Franklin Templeton Investments will not be responsible for any delay/non-processing of ECS/Direct Debit transaction where it is attributable to any incorrect/incomplete information provided by the investor.
- Franklin Templeton Investments shall not be responsible and liable for any damages/compensation for any loss, damage etc., incurred by the investor. The investor assumes the entire risk of using the ECS/Direct Debit facility and takes full responsibility for the same.
- Investor will not hold Franklin Templeton Investments and its service providers responsible if the transaction is delayed or not effected by the investor Bank or if debited in advance or after the specific SIP date due to various reasons.
- The Trustee/AMC reserves the right to modify or discontinue the SIP facility at any time in future on a prospective basis.

It is clarified that the load applicable for a SIP shall be the load prevailing on the date of registration.

Here is an illustration using hypothetical figures to show how a Systematic Investment Plan can benefit an investor. Let us assume that Mr. ABC would like to invest Rs.1,000/- as a quarterly investment for a period of four quarters, i.e. a total of Rs.4,000/-.

Quarter	Amount Invested (Rs.)	Public Offering Price (POP) (Rs.)	No. of Units purchased
1	1000	12.0000	83.333
2	1000	15.0000	66.667
3	1000	9.0000	111.111
4	1000	12.0000	83.333
TOTAL	**4000**	**48.0000**	**344.444**

Average price (per unit) per quarter (quarters) = Rs.12.0000 (i.e. Rs. 48/4).
Average cost per unit = Rs.11.6129 (i.e. Rs. 4000/344.444 units).

As can be seen from the example above, the average cost per unit is always lower than the average market price per unit, irrespective of a rise, fall or fluctuations in the market. A greater number of units were purchased when the per-unit cost was low; fewer units were purchased when the per-unit cost was high. Thus, Mr. ABC automatically gains without having to monitor prices (NAV) on a day-to-day basis.

However, an investor should note that the market value of the Scheme's units is subject to fluctuations. **Before undertaking any plan for Systematic Investment, the investor should keep in mind that such a program does not assure a profit or protect against a loss.**

SYSTEMATIC TRANSFER PLAN (STP)

A unitholder may establish a Systematic Transfer Plan (STP) and choose to transfer on a periodic basis from the Scheme to another Franklin Templeton scheme. The transfer will be effected by way of redemption of units (with appropriate exit load, if any) and a reinvestment (with appropriate entry load, if any) of the redemption proceeds in another Scheme(s).

The unitholder may avail STP by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount and / or tenure (but not below the specified minimum) by giving written notice to the AMC / Registrar. An STP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:

This facility is available to the investors of all open–end schemes of Franklin Templeton Mutual Fund, except as otherwise mentioned herein below. An investor can select this facility whereby the investor choose to transfer on a periodic basis a pre-determined amount from any Franklin Templeton open–end scheme (Source Scheme) into any other Franklin Templeton open-end scheme (Destination Scheme) selected by the investor.

1) In order to start the STP facility, the minimum account balance under Fixed Amount Option should be Rs.12,000/- for Weekly, Monthly and Quarterly STP and Rs.15,000/- for Daily STP. The same under Capital Appreciation Option should be
   - Rs. 5,00,000/- for Weekly Transfer of Funds facility (Weekly STP)
   - Rs. 1,00,000/- for Monthly Transfer of Funds facility (Monthly STP)
   - Rs. 1,00,000/- for Quarterly Transfer of Funds facility (Quarterly STP),

   except in Institutional Plan and Super Institutional Plan of TITMA and TIUBF, where the same should be Rs.1 crore.
2) However, the following schemes/plans/options are not available as Source Scheme:
   - TIPP
   - TICAP
   - FIT
   - TGSF - PF Plan
3) The following schemes/plans/options are not available as Destination Scheme:
   - TITMA
   - TISTIP - Institutional Plan
   - TFIF - Institutional Plan and Super Institutional Plan
   - TIUBF - Institutional Plan and Super Institutional Plan
4) Options: There are two options available, Fixed Amount Option and Capital Appreciation Option.
5) The Capital Appreciation option will be available only under the Growth plans/options of the Source schemes.
6) FIT is not available as the Destination Scheme under Capital Appreciation Option.
7) Frequency: The frequency can be Daily, Weekly, Monthly or Quarterly. The Daily frequency of transfer will be available only under Fixed Amount Option.
8) Transfer of Funds:

Transfer of Funds	Fixed Amount Option	Capital Appreciation Option
Daily STP	A fixed amount can be transferred to the specified Destination Scheme.	Not Applicable
Weekly STP	A fixed amount can be transferred on the 7th, 14th, 21st and 28th day of	The capital appreciation as on the immediately preceding business day

Transfer of Funds	Fixed Amount Option	Capital Appreciation Option
Daily STP	A fixed amount can be transferred to the specified Destination Scheme.	Not Applicable
	every month to the specified Destination Scheme	for the Source Scheme can be transferred to the specified Destination Scheme, on the 7th, 14th, 21st and 28th day of every month.
Monthly STP/ Quarterly STP	A fixed amount can be transferred on a pre-specified date (to be chosen by the investor) of every month/every quarter to the specified Destination Scheme	The capital appreciation as on the last business day of every month/quarter can be transferred to the specified Destination Scheme

9) In case the specified date is a non-business day for either the Source Scheme or the Destination Scheme, the STP will be processed on the following business day for both the schemes. The STP will be applicable subject to the terms of the destination scheme.
10) Minimum Amount and Term:
(a) Under the Fixed amount option

Transfer Frequency	Destination Scheme	
	FOF schemes	**Other schemes**
Daily STP	Rs.1,000 per day for 30 days. Currently, the Daily STP will be accepted/ registered for a maximum duration of 3 years.	Rs.500 per day for 30 days. Currently, the Daily STP will be accepted/ registered for a maximum duration of 3 years.
Weekly STP	Rs.1,000 per week for 6 months	Rs.500 per week for 6 months
Monthly STP	Rs.4,000 per month for 6 months or Rs.2,000 per month for 12 months	Rs.1,000 per month for 6 months or Rs.500 per month for 12 months
Quarterly STP	Rs.4,000 per quarter for 6 quarters or Rs.2,000 per quarter for 12 quarters	Rs.1,000 per quarter for 6 quarters or Rs.500 per quarter for 12 quarters

(b) Under Capital Appreciation Option, the minimum terms shall be 6 months.
11) Where any of the following schemes is the Destination Scheme of STP, the amount of each STP instalment under Fixed Amount Option should be less than Rs.1 crore: TIIF, TIIOF, TIIBA, TGSF, TISTIP, TFIF, TILDF, FTIMIP, TIUBF, TIPP and TICAP
12) Load: For all STP purchase transactions, the entry and exit load as applicable in the Destination Scheme for normal purchases shall be applicable. Further, for all STP (out) transactions, an exit load as applicable in the Source Scheme shall be levied.
13) At least 7 days' prior intimation should be given to the Mutual Fund for commencement of a fresh STP or cancellation/termination of an existing STP.
14) If during the currency of a STP, the Unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing STP and re-registration of a new STP and all the terms and conditions of the STP such as minimum term/amount etc. shall apply in both plans/options.
15) If in case of a monthly/quarterly STP with Fixed Amount Option, if the unitholder specifies 30th or 31st of the month (28th/29th in case of February) as the "Specified Date" for the STP transaction, then the STP shall be processed on the day, which is the last business day in that month for both the schemes.
16) Where the Start Date of the STP is not mentioned, then for an STP under Monthly/Quarterly option, the Start Date shall be deemed as follows:

If STP is submitted ……..	Then Start Date shall be deemed to be ……
On or before 8th day of the month	15th day of that month
After 8th day but on or before 23rd day of the month	last business day of that month for both the schemes
After 23rd day of the month	15th day of the next month

In case of Daily STP, the same shall be deemed to be the 8th day from the date of submission of the request at any of Franklin Templeton ISC / Collection Centres.
17) This facility is not available for investments under lock-in period or on which any lien or encumbrance is marked or in respect of which the status of realisation of cheque is not available to the AMC.
18) It shall be the responsibility of the investor to ensure that sufficient balance (free from any Lock-in or encumbrances) is available in the account on the date of transfer, failing which the transfer will not be effected. The AMC reserves the right to discontinue the STP in case the transfer is not effected due to insufficient balance in the investor's account.
19) The AMC/Trustees reserve the right to discontinue or modify the STP facility at any time in future on a

prospective basis.

It is clarified that the load applicable for a STP shall be the load prevailing on the date of registration.

Here is an illustration using hypothetical figures to explain the concept of a Systematic Transfer Plan. Let us assume that Mr. ABC would like to transfer Rs.1000/- every month from TIIF to TIGF for a period of four months, i.e. a total of Rs.4000/-.

TIIF					
Month	**Opening Balance of Units** (a)	**Applicable NAV (Rs.)** (b)	**Amount Redeemed (Rs.)** (c)	**No. of Units Redeemed** (d) = [c-b]	**Closing Balance of Units** (e) = [a-d]
1	5,000.000	11.0000	1,000.00	90.909	4,909.091
2	4,909.091	11.0800	1,000.00	90.253	4,818.838
3	4,818.838	11.1500	1,000.00	89.686	4,729.152
4	4,729.152	11.2000	1,000.00	89.286	4,639.866

TIGF				
Month	**Amount Invested (Rs.)** (f)	**Applicable NAV (Rs.)** (g)	**No. of Units Allotted** (h) = [f-g]	**Closing Balance of Units** (i)
1	1000.00	11.0000	90.909	90.909
2	1000.00	11.0920	90.155	181.064
3	1000.00	11.1290	89.855	270.919
4	1000.00	11.2220	89.111	360.030

Note:
The Fund may close an investor's account if the balance falls below the minimum prescribed balance (based on applicable NAV) in the Schemes from which Transfer is proposed to be done due to redemptions or SWP and the investor fails to invest sufficient funds to bring the value of the account to the prescribed minimum (based on applicable NAV) after a written intimation in this regard is sent to the Unitholder.

DIVIDEND TRANSFER PLAN (DTP)

This facility is available to the investors of various dividend plans (except Daily Dividend and Weekly Dividend Plans) of all open-end schemes of Franklin Templeton Mutual Fund (except Franklin India International Fund & Templeton India Cash Management Account).

An investor can select this facility whereby the dividend declared in one Franklin Templeton open–end scheme (Source Scheme) will be automatically invested into any other Franklin Templeton open-end scheme selected by the investor (Destination Scheme).

The unitholder may avail Dividend Transfer Plan (DTP) by completing the application form and submitting the same at any of the ISC / Collection Centres. An DTP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:
- In order to avail the DTP facility, the minimum account balance in the Source Scheme should be Rs.25,000/- except in TISTIP where the same should be Rs.1,00,000/-.
- The frequency of transfer will depend on the dividends declared in the plan of the Source Scheme in which the investment has been made.
- The amount, to the extent of the distribution in the Source Scheme, will be automatically invested in the Destination Scheme at its NAV on the next Business Day for both the schemes and equivalent

units will be allotted, subject to the terms and conditions of the Destination Scheme:
For example: An investor in FTIMIP opts to invest the dividend in TIPP. If the dividend record day is a Wednesday and Thursday is the book closure for FTIMIP, the investor will be allotted units at NAV of Friday. In case Friday is a non – Business Day for either FTIMIP or TIPP, the units will be allotted at the NAV of immediate next Business Day for both the schemes.

- Load: For all DTP purchase transactions, the entry and exit load as applicable for normal purchases shall be applicable [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].
- A DTP may be terminated by the unitholder by giving appropriate written notice.
- The Trustee/AMC reserves the right to modify or discontinue the DTP facility at any time in future on a prospective basis.

It is clarified that the load applicable for a DTP shall be the load prevailing on the date of the respective transfer.

SYSTEMATIC WITHDRAWAL PLAN (SWP)

A Unitholder may establish a Systematic Withdrawal Plan (SWP) in any scheme and receive regular/ quarterly payments from the account. The Unitholder can opt to withdraw a fixed amount or capital appreciation, subject to a prescribed minimum amount per month or per quarter. The Unitholder may avail of SWP by filling up the relevant portion of the transaction statement or by completing an Application Form and sending it to any of the ISCs mentioned at the reverse of this Offer Document.

The amount thus withdrawn by redemption shall be converted into Units at the applicable NAV (which is generally the first business day of the month in which the payment is scheduled), and such Units will be subtracted from the unit balance of that Unit holder.

The unitholder may avail SWP by completing the application form and submitting the same at any of the ISC / Collection Centres. Unitholders may change the amount (but not below the specified minimum) by giving written notice to the AMC / Registrar. An SWP may be terminated on appropriate written notice by the unitholder of the fund, and it may terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder.

The Investment Manager may change rules relating to the facility from time to time.

Highlights:

This facility is available in all plans and options of the all open end schemes of Franklin Templeton Mutual Fund, except TGSF – PF Plan.

- In order to start the SWP facility, the minimum account balance should be Rs.25,000.
- The frequency can be Monthly or Quarterly
- There are two options available:
  (a) Fixed amount: A fixed amount can be withdrawn either on the 15th or the last business day of every month/quarter
  (b) Capital Appreciation: The capital appreciation as on the last business day of the month can be withdrawn.
- Capital Appreciation Option is available only in Growth plans/options of the Schemes.
- Load: For all SWP purchase transactions, the exit load as applicable for normal purchases shall be applicable.
- Minimum withdrawal: Under the Fixed amount option, the minimum withdrawal will be Rs.1,000/- except for Institutional Plan where the same should be Rs.1 lac and for Super Institutional Plan the same should be Rs.10 lacs.
- Where the Start Date of the SWP is not mentioned, then the same shall be deemed to be the first available SWP date depending upon the option chosen by the unitholder, after a period of 7 days after the date of submission of the SWP request.
- This facility is not available for investments under lock-in period.

It is clarified that the load applicable for SWP shall be the load applicable for the respective purchase transaction.

Here is an illustration using hypothetical figures to explain the concept of a Systematic Withdrawal Plan. Let us assume that Mr. ABC has invested Rs.10,000/- and been allotted 1000 units during the initial offer. Subsequently he would like to receive Rs.1000/- for a period of four months, commencing from the beginning of the next month.

Month	Opening Balance of Units	Amount Withdrawn (RS.)	Applicable NAV (RS.)	No. of units redeemed	Closing Balance of Units
1.	1000.000	1000	12	83.333	916.667
2.	916.667	1000	15	66.667	850.000
3.	850.000	1000	9	111.111	738.889
4.	738.889	1000	12	83.333	655.556
Total		4000		344.444	

Note: The Fund may close an investor's account if the balance falls below the prescribed minimum balance (based on applicable NAV) due to redemptions or SWP, and the investor fails to invest sufficient funds to bring the value of the account to the prescribed minimum (based on applicable NAV) after a written intimation in this regard is sent to the Unitholder.

'FRANKLIN TEMPLETON FAMILY SOLUTIONS' FACILITY:
Franklin Templeton Family Solutions ("FS") is a facility offered by FTMF to encourage investors to plan for their investments based on life goals.

The **salient features** of the Franklin Templeton Family Solutions facility are as follows:
(a) Family Solutions is a unique investment solution that helps investors plan for their life goals like retirement, child's future and wealth creation.
(b) To invest under the FS facility, investor will need to undertake a questionnaire called the "Family Solutions Planner" that asks for basic details along with specific question on the goals (such as target amount, investment horizon, anticipated rate of inflation and returns etc.) for which the investor wants to plan. Family Solutions Planner is a software tool, which is available on FTMF's website www.franklintempletonindia.com. Based on the inputs provided by the investor and after considering his/her portfolio style in light on these inputs, a set of schemes of FTMF and the amount of investment towards the goal would be recommended for investment. However, the investor may opt to invest in schemes of his/her choice and such amount as determined by him/her at his/her discretion.
(c) The investor needs to make the application by filling the specified application and transaction forms of the FS facility along with a single cheque/draft for the consolidated amount of investment under the application. Applications accompanied with multiple cheques/drafts will be liable for rejection.
(d) Currently, applications will be accepted only in physical form. Applications through modes such as web based applications, electronic feeds from distributors or stock exchange infrastructure will not be accepted.
(e) Official Points of Acceptance of Transaction for FS applications: FTMF hereby declares all its branch offices [Investor Service Centres (ISC)] as the Official Points of Acceptance of Transactions ("OPAT") for FS applications. Currently, the applications will not be accepted at the Karvy and CAMS Collection Centres.
(f) Irrespective of the amount of investment recommended through the Family Solutions Planner, the minimum investment amount for fresh and additional purchase in each scheme shall be as specified in the respective Scheme Information Document. Eg: If the recommended amount of investment in a scheme is Rs.4,000/- and the minimum investment amount specified in the Scheme information Document of that scheme is Rs.5,000/-, the investor need to invest at least Rs.5,000/- in the scheme.
(g) In case of applications for registration of Systematic Investment Plan (SIP), the mode of payment of SIP instalments should be ECS or Direct Debit. Post dated cheques will not be accepted.
(h) FTMF / the AMC may not accept any request for any changes or modifications in the goal(s) and goal details at any time for whatsoever reason.
(i) The Trustee/AMC reserves the right to change/modify or discontinue the facility at any time in future.

The **Terms and Conditions** of the FS facility are as follows:
1. Family Solutions is a facility offered by Franklin Templeton Mutual Fund to encourage investors to plan for their investments based on life stage goals. However, there is no assurance or guarantee that the goals of the investors will be achieved and the same is subject to the investment performance of the schemes.
2. Setting up the goals, planning of investment and taking informed investment decision might require professional expert advice. As always, investors are best advised to consult their investment/financial advisor prior to taking the investment decisions.

3. The Trustee, the AMC, the Sponsor, their directors, employees, affiliates or representatives shall not be liable for any consequences that may arise in the event any of the schemes is wound up or its features are substantially altered. Investors are requested to review the Scheme Information Document and the features and terms and conditions of the Family Solutions facility carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment.
4. The recommendation given to the investor through the Family Solutions Planner is based on the inputs provided by the investor like anticipated rate of returns and inflation, details about the life goals, and considering the portfolio style of the investor. The portfolio style of the investor is determined in light of the information furnished by the investor in the questionnaire, based on certain pre-determined criteria.
5. The recommended schemes and the investment amount have been derived using established theories on risk and return, after considering various aspects including, but not limited to, the nature of the schemes (such as its investment objectives, investment style and product positioning) and the inputs provided by the investor about his life goals and return/inflation anticipations. It may please be noted that the recommendation may not take into consideration all the material aspects relevant to the investor's investment decision. It is clarified that the recommendation is not binding on the investor and investor may opt to invest in schemes of his/her choice and such amount as determined by him/her at his/her discretion.
6. The recommendation is based solely on the inputs provided in the questionnaire. Franklin Templeton is not responsible for the accuracy and validity of the information provided by the investor. Also it must be clearly understood that while providing the recommendation, FTMF has neither done a detailed risk profiling of the investor nor has taken into consideration the investor's full portfolio of investments and various other factors which may be necessary for rendering an investment advice. The recommendation should not be construed as a complete investment advice.
7. Past performance of the schemes is neither an indicator nor a guarantee of future performance, and may not be considered as the basis for future investment decisions.
8. For ongoing tracking of the investment and related advice, the investor needs to contact his/her distributor or investment/financial advisor. Franklin Templeton is not responsible for tracking of the investment vis-à-vis the goal or achievement of the goal or for providing any advice of whatsoever nature in relation to the investment.
9. Mention of goals in the account statement is merely a facility offered for ease and convenience of the investor in tracking the investment, and is based on the information provided by the investor in the Application Form. In case of units subsequently converted in demat form, the account statement of the Beneficiary Account with the Depository Participant (DP) will be sent by the respective DP's as per their service standards and these statements will not carry the details of the goals.
10. This facility is offered to the investors as per the terms and conditions as may be prescribed by the AMC from time to time and is further subject to the terms of conditions of the Statement of Additional information of Franklin Templeton Mutual Fund and the Scheme Information Document of the respective schemes. The AMC reserves the right to amend the terms and conditions, or to discontinue or modify the facility at any time in future.
11. The views constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the investors. The information or recommendation is not meant to serve as a professional guide for the investors. Whilst due care has been taken to ensure that the facts are accurate and opinions given fair and reasonable, the Sponsor, the AMC, the Trustee or any of their directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information or recommendation. Recipients of this information or recommendation should take informed investment decision after taking into consideration all the material aspects relevant to their investments.
12. Investors should read and understand all scheme related documents like Statement of Additional Information (SAI), Scheme Information Document (SID), Key Information Memorandum (KIM) and the addenda issued form time to time carefully before investing.

ACCOUNTS STATEMENTS

For normal transactions during ongoing sales and repurchase:

- The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted within 5 working days of allotment.
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unitholder may request for a physical account statement by writing / calling us at any of the ISC.

For SIP / STP transactions;

- Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.

Annual Account Statement:

- The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.
- Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

Account statements will be sent either by courier or through the services of the Indian postal department, at the option of the AMC taking into consideration the investor's location so as to provide investors with the best available service. The Account Statement is a record of the transaction in the scheme of Franklin Templeton Mutual Fund. Investors are requested to review the account statement carefully and contact their nearest Investor Service Centre in case of any discrepancy. The contents of the statement will be considered to be correct if no error is reported within 30 days from the date of receipt of the Account Statement.

Dividend

The dividend warrants shall be dispatched or the dividends would be otherwise distributed to the unitholders within 30 days of the date of declaration of the dividend.

Redemption

The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.

Delay in payment of redemption / repurchase proceeds or dividend

The AMC shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

C. PERIODIC DISCLOSURES

Net Asset Value (NAV)

This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.

In case of TITMA, which is an open end liquid scheme, the NAV will be normally calculated for every calendar day. In case of other schemes, which are open end income schemes, the NAV shall be normally calculated for all Business Days and released to the Press.

The Mutual Fund are required to declare the NAV of the Scheme on every Business Day on AMFI's website www.amfiindia.com by 9.00 p.m. (current time limit for uploading NAV as per the SEBI guidelines) and also on our website www.franklintempletonindia.com.

The publishing of NAV and sale and redemption prices as outlined above are as per the prevailing SEBI Regulations and are subject to change from time to time.

Redemption and Sale Prices

While determining the prices of the units, the scheme shall ensure that the repurchase price is not lower that 93% of the Net Asset Value and the sale price is not higher that 107% of the Net Asset Value. Provided further that the difference between the repurchase price and the sale price of the unit shall not exceed 7% calculated on the sale price.

HALF YEARLY DISCLOSURES

Portfolio / Financial Results: This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.

The Fund shall before the expiry of one month from the close of each half year that is on 31st March and 30th September, publish its financial results, containing details specified in Regulation 59 read with Twelfth Schedule of SEBI Regulations, in one English newspaper circulating in the whole of India and in one regional newspaper circulating in the region where the head office of the Fund is situated. In addition, the Scheme shall mail/e-mail (if an e-mail address is provided with the consent of the unitholder) or publish the complete portfolio to the investors before the expiry of one month from 31st March and 30th September each year. These shall also be displayed on the web site of the Mutual Fund and that of AMFI.

ANNUAL REPORT

As required by the SEBI Regulations, the Fund will mail/e-mail (if an e-mail address is provided with the consent of the unitholder), as soon as practical after 31st March each year but not later than four months thereafter, as the Trustee may decide, an abridged scheme-wise annual report to all the unitholders. The full annual report of the Fund will be furnished to the Unitholders upon a written request and will be available at the Head Office of the Investment Manager for inspection. The Fund will make all disclosures required by the SEBI Regulations, including information about the entire portfolio held by the Fund under this Scheme.

Associate Transactions

Please refer to Statement of Additional Information (SAI)

Taxation

This information is provided for general information only and is based on the prevailing tax laws, as applicable in case of this Scheme. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

The following summary outlines the key tax implications applicable to unit holders of this Scheme based on the relevant provisions under the Income-tax Act, 1961 ('the Act') and other applicable taxation laws as proposed to be amended by the Finance Act, 2011 (collectively called 'the relevant provisions').

A) Tax implications to unitholders under Income Tax Act:

Category of this Scheme:

Please note that as currently defined under the Income Tax Act, 1961,
TITMA is a 'Liquid Fund'.
TIIF, TIIBA, TISTIP, TGSF, TILDF, FTIMIP, TFIF and TIUBF are not 'equity oriented funds' or 'liquid funds' or 'money market mutual funds'.

"*Equity oriented fund*" is defined to mean a fund -

- where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund; and
- which has been set up under a scheme of a Mutual Fund specified in section 10 (23D) of the Act.

"Liquid fund" is defined to mean a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder.

"Money market mutual fund" is defined to mean a money market mutual fund as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Tax on income on units:

Tax on income on units other than sale / redemption (including Dividend) – Nil.

Tax on income on sale/redemption of units:

If the units are held as stock-in-trade of a business, the said income will be taxed at the rates at which the normal income of that investor is taxed.

If the units are held as investments, the said income will be taxed as capital gains. In such case, the tax rates applicable will depend on whether the gain on sale of units is classified as a short term capital gain or a long term capital gain. If the units of the scheme are held as a capital asset, for a period of more than 12 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gains. In all other cases, they would be treated as short-term capital assets. The rates of capital gains tax are as follows (applicable to all investors including NRI / PIO/ FII):

Nature of capital gains	Tax rate*
Short-term capital gains	In case of FIIs, 30%. For others, taxed at normal tax rates.
Long- term capital	In case of FIIs, 10% (without indexation). In case of others, 20% (with indexation) or 10% (without indexation), whichever less.

* plus surcharge and education cess as may be applicable.

Provisions regarding Dividend income and Bonus
Losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 9 months after such date, is disallowed to the extent of income on such units (other than on sale/redemption) claimed as tax exempt.
If an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

Tax Deduction at Source (TDS) in respect of capital gains:

Category of investor	Nature of capital gains	Tax rate*
Resident Investor	Short term / Long term	Nil
Foreign Institutional Investor (FII)	Short term / Long term	Nil
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Short term	30%
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Long term	20%

* plus surcharge and education cess as may be applicable.

The long term capital gains shall be computed after taking into consideration the indexed cost of acquisition of the units redeemed / repurchased / sold.

All the above non-resident investors may also claim the tax treaty benefits available, if any.

The Mutual Fund would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the Mutual Fund. The penal rate of TDS is 20% or any higher rate of TDS, as may be applicable, plus applicable surcharge and education cess.

Dividend Distribution Tax (DDT)

The Mutual Fund will be required to pay dividend distribution tax ('DDT') as follows on the dividends distributed by the Scheme:

For income distributed to any individual or a Hindu Undivided family
- at **27.0375%** (including 5% surcharge and 3% education cess) on dividend distributed TITMA; and
- at **13.51875%** (including 5% surcharge and 3% education cess) on dividend distributed by funds other than TITMA

For income distributed to any other person
- at **27.0375%** (including 5% surcharge and 3% education cess) on dividend distributed by TITMA for the period 01 April 2011 to 31 May 2011;

- at **32.445%** (including 5% surcharge and 3% education cess) on dividend distributed by TITMA for the period 01 June 2011 onwards;
- at **21.63%** (including 5% surcharge and 3% education cess) on dividend distributed by funds other than TITMA for the period 01 April 2011 to 31 May 2011; and
- at **32.445%** (including 5% surcharge and 3% education cess) on dividend distributed by funds other than TITMA for the period 01 June 2011 onwards.

B) Securities Transaction Tax (STT)

As none of the schemes covered under this SID are not 'equity oriented funds', no STT is payable on sale (redemption) of these schemes.

For further details, please refer to the SAI.

INVESTOR SERVICES

To resolve investor queries and grievances, the Fund has set up an Investor Service Cell that ensures prompt response to all investor queries and grievances. For any queries, complaints or grievances, the investor can contact the Investor Service Cell at the following address:

Investor Services, Franklin Templeton Mutual Fund
Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi, Chennai 600096
Tel: 1-800-425 4255 or 6000 4255 (Please prefix the city STD code if calling from a mobile phone. Local call rates apply to both the numbers) from 8:00 a.m. to 9:00 p.m., Monday to Saturday.
E-mail: service@templeton.com

Ms. Sheela Kartik has been appointed as the Investor Relations Officer of the AMC. She can be contacted at the above address.

COMPUTATION OF NAV

The Net Asset Value (NAV) is the value of a Unit and is computed as shown below:

NAV = (Rs. Per unit)	Market Value of the scheme's investments + other assets (including accrued interest) - all liabilities except unit capital & reserves
	Number of units outstanding at the end of the day

The NAV will be calculated to four decimals using standard rounding criteria.

Valuation of the scheme's assets, calculation of the scheme's NAV and the accounting policies & standards will be subject to such norms and guidelines that SEBI may prescribe from time to time and shall be subject to audit on an annual basis.

05. FEES AND EXPENSES OF THE SCHEME

The information that is provided under this section seeks to assist the investor in understanding the expense structure of the current Scheme and types of different fees and their percentage the investor is likely to incur on purchasing and selling the units of the Scheme.

ANNUAL SCHEME RECURRING EXPENSES:

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below.

The maximum annual recurring expenses that can be charged to the scheme shall be within the limits stated in Regulations 52(6) and subject to a percentage limit of Average Daily / Weekly Net Assets, as mentioned in the table below:

First Rs.100 crore	Next Rs.300 crore	Next Rs.300 crore	Over Rs.700 crore
2.25%	2.00%	1.75%	1.50%

In accordance with the Regulations, the investment management and advisory fee is included within the ongoing expenses stated herein and charged to the scheme and is subject to the following limits:

- On the first Rs. 100 crores of the weekly average net assets: 1.25%
- On the balance of the net assets: 1.00%

The total expenses of the Scheme including the investment management and advisory fee (together with additional management fee wherever applicable) shall not exceed the limit stated in Regulation 52(6). Any excess over these specified ceilings would be borne by the Asset Management Company.

The Trustee / AMC reserves the right to charge higher operating expenses in relation to investing overseas as and when SEBI permits.

The AMC has estimated the following recurring expenses for the first Rs.100 crores of Average Daily / Weekly Net Assets:

TIIF

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	1.25
Custodial Fees	0.20
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption cheques / warrants etc.	0.18
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.30
Fees and Expenses of Trustees[+] / Audit Fees	0.05
Costs of fund transfer from location to location	0.02
Others (as permitted under Regulations)	--
Total Annual Recurring Expenses	**2.00**

TILDF, TISTIP, TIIBA, TIIOF, FTIMIP and **TITMA**

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	1.25
Custodial Fees	0.05
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption cheques / warrants etc.	0.15
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.65
Fees and Expenses of Trustees[+] / Audit Fees	0.05
Costs of fund transfer from location to location	0.05
Others (as permitted under Regulations)	0.05
Total Annual Recurring Expenses	**2.25**

TGSF

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	0.75
Custodial Fees	0.15
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption cheques / warrants etc.	0.18
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.30
Fees and Expenses of Trustees[+] / Audit Fees	0.05
Costs of fund transfer from location to location	0.02
Others (as permitted under Regulations)	0.05
Total Annual Recurring Expenses	**1.50**

TFIF

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	1.25
Custodial Fees	0.04
Registrar & Transfer Agent Fees including cost related to providing account statements, investor servicing & communications, dividend / redemption cheques / warrants etc.	0.13
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.43
Fees and Expenses of Trustees+ / Audit Fees	0.05
Costs of fund transfer from location to location	0.05
Others (as permitted under Regulations)	0.05
Total Annual Recurring Expenses	**2.00**

TIUBF

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	1.25
Custodial Fees	0.05
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10
Marketing & Selling Expenses including Agents Commission, Brokerage & Transaction Cost pertaining to the distribution of units and statutory advertisement	0.65
Costs related to investor communications	0.05
Costs of fund transfer from location to location	0.05
Trustee Remuneration+, Audit Fees etc	0.05
Other Expenses	0.05
Total Annual Recurring Expenses#	**2.25**

The expenses could vary between Retail Plan, Institutional Plan and Super Institutional Plan. However, the Investment Management and Advisory Fee would be same for the Plans.

+Trustee Remuneration: Out-of-pocket expenses incurred for attending meetings of the Trustee may be paid separately and may be charged to the fund.

The above estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se and types of the expenses charged shall be as per the Regulations.

For the actual Annual Scheme Recurring expenses currently being charged, the investor should refer to the website of the Mutual Fund.

The tables relating to Annual Scheme Recurring Expenses given above and the Load structure given below have been given to the investor to assist him / her in understanding the various costs and expenses that an investor of the scheme will bear directly or indirectly.

Investment management fees are payable monthly in arrears. The direct expenses incurred by each scheme of Franklin Templeton Mutual Fund shall be chargeable to that scheme. The common expenses incurred on various schemes could be allocated to the schemes based on various parameters such as number of unitholders, the size of the corpus / assets, equally or any other basis in conformity with generally accepted accounting principles.

LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please visit Franklin Templeton India’s website (www.franklintempletonindia.com) or call at 1800 425 4255 or 6000 4255 (Please prefix the city STD code if calling from a mobile phone. Local call rates apply to both the number) or contact your distributor.

TIIF

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	In respect of each purchase of Units - 0.50% if redeemed within 6 months of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TILDF

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 3 months of allotment
Exit Load on redemption / repurchase	0%
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as CDSC

TGSF

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	**CP & PF:** In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 3 months of allotment **LT & TP:** Nil.
Exit Load on redemption / repurchase	0%
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as CDSC

TFIF

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	In respect of each purchase of Units – 0.25% if redeemed within 7 days of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TISTIP

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	In respect of each purchase of Units – 0.50% if the Units are redeemed/ switched-out within 9 months of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TIIBA

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	0%
Exit Load on redemption / repurchase	In respect of each purchase of Units - 0.50% if redeemed within 6 months from the date of allotment

	As % of NAV
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

FTIMIP

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load (‘CDSC’) (based on any period of holding)	0%
Exit Load on redemption / repurchase	Plan A and Plan B: In respect of each purchase of Units - 1% if the Units are redeemed/ switched-out within one year of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TIUBF

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load (‘CDSC’) (based on any period of holding)	0%
Exit Load on redemption / repurchase	0%
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TIIOF

	Upon Re-opening (as % of NAV)
Sales / Entry load on purchase (other than switches)	0%
Contingent Deferred Sales Load (‘CDSC’) (based on any period of holding)	N. A.
Exit Load on redemption / repurchase (other than switches)	In respect of each purchase of Units: • 3% if redeemed within 6 months from the date of allotment • 2% if redeemed after 6 months but within 12 months from the date of allotment • 1% if redeemed after 12 months but within 18 months from the date of allotment
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

TITMA

	As % of NAV
Sales / Entry load on purchase / subscription	0%
Contingent Deferred Sales Load (‘CDSC’) (based on any period of holding)	0%
Exit Load on redemption / repurchase	0%
Load on Switch / Exchange	Switch-in: Same as entry load Switch-out: Same as exit load

In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase/additional purchase/switches accepted by the Mutual Fund. Similarly, no entry load will be charged with respect to applications for registrations under the Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP) accepted by the Mutual Fund with effect from August 01, 2009.

The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered distributor) directly by the investor, based on the investor’s assessment of various factors including service rendered by the ARN Holder.

Contingent Deferred Sales Charge in TGSF and TILDF (Schemes launched on a "no-load basis"): The Trustee has a right to charge the unitholders with a "Contingent Deferred Sales Charge" (a charge which the Regulations permit the AMC to levy in 'No Load Schemes' on redemption, to enable the AMC to recover the cost of promotion/ distribution/ sales of the Schemes which otherwise the unitholders may have had to bear) based on the period of holding, on a prospective basis. Currently, TGSF and TILDF levy a CDSC. Subject to the SEBI Regulations, the AMC reserves a right to charge an additional management fee up to 1 % of daily/ weekly average net assets of the respective Schemes. The Trustee also has the right to introduce an entry/ exit load under TGSF & TILDF. However upon introduction of such change, the Schemes (TGSF & TILDF) would cease to be "No Load Schemes" and accordingly no CDSC and additional management fee will be levied.

All the switches / exchanges will be treated as redemption in the source scheme and subscription in the destination scheme, with the entry and exit load/CDSC as may be applicable. The switches of Units will be considered on First-in-First-Out (FIFO) basis.

The AMC/Trustee reserves the right to modify the Load/Fee mentioned above at any time in future on a prospective basis, subject to the SEBI Regulations.

For the information of the investors, any introduction / change of load (including CDSC) in the Scheme may be put up on the website of the Mutual Fund. The addendum detailing the changes may be circulated among the Investor Service Centres / Distributors / Brokers under directions to display it at their respective offices in form of a Notice and attach it to the copies of Scheme Information Documents and Key Information Memorandum (if required) already in stock. The addendum may be published by way of a public notice or advertisement in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. The addendum may also be sent via e-mail to the unitholders who have registered their e-mail i.d. with the Mutual Fund. The load/CDSC may also be disclosed in the account statement issued after the introduction of such load/CDSC.

The investor is requested to check the prevailing load structure of the scheme before investing.

All loads (including CDSC) collected on units shall be retained in the Fund and maintained in a separate account and would strictly and fully be utilised by the Investment Manager in providing distribution related services to the Mutual Fund relating to the sale, promotion, advertising and marketing of Units of the Scheme, including payments to brokers / registrars for their services in connection with the distribution of the Units. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC. In terms of SEBI circular ref. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, effective August 01, 2009, of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Any balance shall be credited to the scheme immediately.

Load on bonus/dividend re-investment units: In terms of SEBI circular SEBI/IMD/CIR No.14/120784/08 dated March 18, 2008, no entry and exit load shall be charged on bonus units or units allotted on reinvestment of dividend.

06. RIGHTS OF UNITHOLDERS

Please refer the SAI for details.

07. GENERAL UNITHOLDER INFORMATION

FOLIO / ACCOUNT NUMBER

Every investor will have a Folio number. Within a Folio, an investor will have an account number for each fund or scheme into which he or she invests. The number of Units issued to an investor or redeemed by an investor will be reflected in his or her Account and a statement to this effect will be issued to the Unitholder.

RESPONSE TIMES

The Fund will endeavor to adhere to the following response times with regard to various investor services from the time of receipt of correct and complete request at Franklin Templeton Asset Management (India) Pvt. Ltd., Chennai.

Activity	**From date of receipt**
Account Statement Mailing/e-mailing	5 working days
Dispatch of redemption proceeds	10 working days
Dispatch of dividend payout	30 days

These response times do not include postal delivery time, acts of God or disruptions beyond the control of the AMC.

SCHEME TO BE BINDING ON THE UNITHOLDERS

The Trustee may, from time to time, add to or otherwise vary or alter all or any of the features, investment plans and terms of this Scheme after obtaining the prior approval of SEBI and the Government of India where necessary and the Unitholders in accordance with the SEBI Regulations, and the same shall be binding on each Unitholder and any person or persons claiming through or under him as if each Unitholder or such person expressly agreed that such features, plans and terms should be so binding.

SCHEME COMPARISON

Income Funds	**Product positioning**
Templeton India Government Securities Fund (TGSF)	Invests primarily in Indian government securities with different plans suitable for varying investment horizons
Templeton India Income Builder Account (TIIBA)	A long bond fund investing in quality fixed income instruments across segments – focuses on Corporate/PSU Bonds. Has a moderate to high interest rate sensitivity
Templeton India Income Fund (TIIF)	A long bond fund investing in quality fixed income instruments across segments.
Templeton India Low Duration Fund (TILDF)	An income fund focusing on low duration securities.
Templeton India Short-Term Income Plan (TISTIP)	Invests in short term corporate bonds including PTCs – positioned between a long bond fund and liquid fund.
Templeton Floating Rate Income Fund (TFIF)	Invests primarily in floating and short term fixed rate debt instruments, has a moderate interest rate sensitivity
Templeton India Income Opportunities Fund (TIIOF)	Invests across the yield curve and takes concentrated exposure to a particular security class based on macro/micro analysis. E.g., in its initial years, it is focusing on securitised debt and high accrual securities to take advantage of the yield premiums.
Templeton India Ultra-short Bond Fund (TIUBF)	Invests in short term debt and money market instruments – positioned between a short term income fund and liquid fund. Has low interest rate sensitivity
FT India Monthly Income Plan (FTIMIP)	An MIP investing predominantly in debt instruments with a marginal exposure to equities (Equity exposure: Upto 20%)

Liquid Funds	**Product positioning**
Templeton India Treasury Management Account (TITMA)	Invests in short term and money market instruments

08. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

- ❑ All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. - **NIL**
- ❑ In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the

last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed –

The AMC had allotted equity shares to Franklin Templeton Holding Limited, Mauritius during May 2000. The same was reported to the Reserve Bank of India (RBI) in December 2007. As per the regulations issued under the Foreign Exchange Management Act, 1999 (FEMA), allotment of shares by an Indian company to a non-resident has to be informed to the RBI within 30 days of the allotment. Any delay in reporting allotment is treated as contravention of the FEMA Regulations. The AMC had filed an application with RBI to compound the contravention as provided in the said Regulations. Taking into account the relevant facts and circumstances, a lenient view was taken by RBI and as per the order issued, the AMC has paid a sum of Rs.2.50 Lacs towards compounding.

- Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed **- NIL**

- Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately:

INTERNATIONAL OPERATIONS

- Three individual plaintiffs filed a consolidated class action and derivative complaint in the U.S. District Court for the Southern District of Florida, against Templeton Vietnam Opportunities Fund, Inc. (later known as Templeton Vietnam and Southeast Asia Fund, Inc.); Templeton Asset Management, Ltd., an indirect wholly-owned subsidiary of Franklin Resources, Inc. ("FRI") and the investment manager of the closed-end investment company; certain of the fund's officers and directors; FRI; and Templeton Worldwide, Inc., an FRI subsidiary. The plaintiffs in that action, captioned *In re: Templeton Securities Litigation* (Civil Action No. 98-6059) moved to certify a class with respect to certain claims raised in the consolidated complaint. The District Court denied the plaintiffs' motion to certify a class with respect to their claims. Plaintiffs then filed a petition to the Eleventh Circuit Court of Appeals to hear an interlocutory appeal of that decision of the District Court.

  Thereafter, while the petition was pending, an agreement was reached in writing settling the action. Under the terms of the settlement agreement, the plaintiffs and defendants agreed to resolve all claims for $6.5 million, including plaintiffs' attorneys fees and the costs of administering the settlement. On April 3, 2002, the settlement was approved by the District Court. The Fund received $2 million in the settlement, which was reflected in the Fund's net asset value as of April 3, 2002. The defendants agreed to the settlement to avoid the further expense, inconvenience and distraction of the proceedings in this protracted case. The settlement did not contain, and specifically denies, any admission of wrongdoing or violation of law by any of the defendants.
- Templeton International Inc. is involved from time to time in litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect Franklin Templeton Investments' business or financial position.

INDIAN OPERATIONS

- One of the investors under Templeton India Growth Fund had made investment to the tune of Rs.1,00,00,001/- under Section 54EB of the Income Tax Act, 1961. In accordance with the legal opinion of the counsel of the Fund, the Fund is of the view that investments under Section 54EB of the Income Tax Act, 1961 read with CBDT Notification No.10247 dated December 19, 1996, the units had to be locked-in for a period of seven years from the date of investment. However, the investor had disputed this stand and had filed a writ petition in the High Court of Delhi seeking the direction of the court for premature redemption of units, with Franklin Templeton Mutual Fund as one of the respondents. The Honourable Delhi High Court vide its order dated 3rd August 2000 directed SEBI to dispose of the representation filed by the investor. The investor then filed a representation with SEBI. After hearing the petitioner and the respondents, SEBI rejected the representation vide order dated September 4, 2000 upholding the stand of the Mutual Fund.

  Subsequently, the investor had filed a Memorandum of Appeal with the Securities Appellate Tribunal, Mumbai against the SEBI order dated September 4, 2000. The Tribunal dismissed the appeal vide its order dated February 15, 2001 and upheld the stand of the Mutual Fund. The investor has filed a petition in the Delhi High Court challenging the order of the Securities Appellate Tribunal and challenging the Central Board of Direct Taxes (CBDT) order.

- The AMC is involved from time to time in litigation relating to claims arising in the normal course of business. The Company is of the opinion that the ultimate resolution of such claims will not materially affect its business or financial position.

- ❑ Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed: **Nil**

The above information has been disclosed in good faith as per the information available to the AMC.

Notwithstanding anything contained in the Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.

This Scheme Information Document is an updated version of the same in line with the current laws/regulations and other developments.

For **FRANKLIN TEMPLETON ASSET MANAGEMENT (INDIA) PVT. LTD.**
Investment Manager: FRANKLIN TEMPLETON MUTUAL FUND

Harshendu Bindal
President

DIRECTORY

Sponsor Templeton International, Inc. 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394 – 3091, USA.	**Investment Manager** Franklin Templeton Asset Management (India) Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	**Trustee** Franklin Templeton Trustee Services Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Registrars Franklin Templeton Asset Management (India) Pvt. Ltd. Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi Chennai 600096	**Custodians** Citibank, N.A. Plot C/61, Bandra Kurla Complex, 'G' Block, Bandra (East), Mumbai 400051	**Auditors** S. R. Batliboi & Co. 6th Floor, Express Towers, Nariman Point, Mumbai 400 021
	Legal Advisors J. Sagar Associates Vakils House 18 Sprott Road, Ballard Estate Mumbai 400 001	

Franklin Templeton Branch Offices (Investor Service Centres)

Name of the Branch	Address
Ahmedabad	202 Abhijit-III, Opp.Mayor's Bunglow, Mithakhali Six Roads Navrangpura, Ahmedabad 380009 Fax: (079) 26462685
Bangalore	11, Niton Compound, Palace Road, Near Mount Carmel College, Entrance from Cunningham Road, Bangalore 560052 Fax: (080) 22385886
Bhubaneswar	77, Kharavel Nagar, Unit III, Janpath, Bhubaneswar 751001 Fax: (0674) 2531026
Chandigarh	S.C.O. 373-374, First Floor, Above HDFC Bank, Sector 35–B, Chandigarh 160022 Fax: (0172) 2622341
Chennai	Century Centre, 75 T.T.K. Road, Alwarpet, Chennai 600018 Fax: (044) 24987790
Cochin (Kochi)	41/418–C, Chicago Plaza, First Floor, Rajaji Road, Ernakulam, Cochin 682035 Fax: (0484) 2373076
Coimbatore	424-C Red Rose Towers, Second Floor, D. B. Road, R. S. Puram, Coimbatore 641002 Fax: (0422) 2470277
Dehradun	Office No. 10, Ground Floor, Shiva Palace, 57/19 Rajpur Road, Dehradun 248001
Hyderabad	First Floor, Amit Plaza, No.6-3-885/7C, Somajiguda Circle, Hyderabad 500082 Fax: (040) 66665770
Indore	101, Starlit Towers, Opp. State Bank of Indore Head Office, 29/1 Y. N. Road, Indore 452001 Fax: (0731) 4201507
Jaipur	250 Ganpati Plaza, M. I. Road, Jaipur 302001 Fax: (0141) 5114178
Jalandhar	BX III 455, Shakti Tower, Upper Basement, Below Vishal Mega Mart, G. T. Road, Jalandhar 144001 Fax: (0181) 5080783
Kanpur	Office No.208-09, 14/113 KAN Chambers Civil Lines, Kanpur 208001 Tel: (0512) 6454091/92

Kolkata	2D & 2E Landmark Building, Second Floor, 228-A, A.J.C. Bose Road, Kolkata 700020 Fax: (033) 22826459
Lucknow	2 Uttam Palace, First Floor, 3 Sapru Marg, Lucknow 226001 Fax: (0522) 2231104/069
Ludhiana	SCO-37, First Floor, Feroze Gandhi Market, Ludhiana 141001 Fax: (0161) 3012101
Madurai	210/20, First Floor, Pechiamman Padithurai Road, Above Kumaran Auto Stores, Madurai 625001 Fax: (0452) 2350144
Mangalore	First Floor, Manasa Towers, M. G. Road, Kodialbail, Mangalore 575003 Fax: (0824) 2493749
Mumbai	(a) Office No. A/31, A/32 & A/35, Third Floor, Mittal Tower – 'A' Wing, Opp. Vidhan Bhavan, Nariman Point, Mumbai 400021 Fax: (022) 22810923 (b) Level 4, East Wing, Wockhardt Towers, Next to NSE, Bandra Kurla Complex Bandra (East), Mumbai 400051 Fax: (022) 56490622 / 27
Nagpur	Shop No. 3 & 4, Ground Floor, Maharshi Shivpad Complex, Plot No. 262, West High Court Road, Bajaj Nagar, Nagpur 440010 Fax: (0712) 2242238
Nasik	S-6, Suyojit Trade Centre, Opp. Rajiv Gandhi Bhavan, Sharanpur Road, Nasik 422002 Fax: (0253) 2574327
New Delhi	F-126, 12th Floor, Himalaya House, Kasturba Gandhi Marg, New Delhi 110001 Fax: (011) 23353213
Patna	505 Ashiana Hariniwas Apartments, Dak Bungalow Road, Patna 800001 Fax: (0612) 2201762
Pune	401, Karan Selene, 187, Bhandarkar Road, Pune 411004 Fax: (020) 25665221
Raipur	244, Second Floor, Rishabh Complex, M. G. Road, Raipur 492 001 Fax: (0771) 4033614
Rajkot	528, 5th Floor, Star Plaza, Phulchhab Chowk, Rajkot 360001 Fax: (0281) 3041207
Salem	214/215, Second Floor, Kandaswarna Shopping Mall, Sarada College Road, Salem 636016 Fax: (0427) 2446854
Surat	HG-29 International Trade Centre, Majura Gate Cross Road Signal, Ring Road, Surat 395002 Fax: (0261) 2473744
Trichy	Arun Arcade, 75/1, First Floor, First Cross, North East Extension, Thillainagar, Trichy 620018 Fax: (0431) 2760013
Vadodara	104-107 Spenta Complex, First Floor, Opposite Pizza Hut, Near Ambedkar Circle, Race Course Road, Vadodara 390007 Fax: (0265) 2356038
Varanasi	4th Floor, Kuber Complex, Rathyatra Crossing, Varanasi 221010 Fax: (0542) 6454370/71
Vijayawada	White House, First Floor, Room # 2, M. G. Road, Vijayawada 520010 2472594 / 5561301 Fax: (0866) 2472594
Visakhapatnam	204, First Floor, Eswar Plaza, Dwaraka Nagar, Visakhapatnam 530016 Fax: (0891) 6666806

National Call Centre:

1800 425 4255 or **6000 4255** (please prefix the city STD code if calling from a mobile phone, Local call rates apply to both the numbers) from 8:00 a.m. to 9:00 p.m., Monday to Saturday.

Collection Centres:

A) Branch Offices of **Karvy Computershare Pvt. Ltd.**

Name of the Branch	Address
Agra (Uttar Pradesh)	17/2/4, Deepak Wasan Plaza, 2^{nd} Floor, Sanjay Place (Behind Holiday Inn), Agra 282002
Anand (Gujarat)	F-6, Chitrangana Complex, Opp. Motikaka Chawl, Vidyanagar Road, Anand 388001
Aurangabad (Maharashtra)	Shop No. 214/215, Tapadiya City Centre, Nirala Bazar, Aurangabad 431001
Bankura (West Bengal)	Ground Floor, Ambika Market Complex, Natunganj, Bankura 722101
Bhavnagar (Gujarat)	Surabhi Mall, 301, 3rd Floor, Waghawadi Road, Bhavnagar 364001
Bhilai (Chattisgarh)	Shop No.138, New Civic Centre, Ramlingam Tank Road, Bhilai 495023 (Dist. Durg)
Bhopal (Madhya Pradesh)	Kay Kay Business Centre, 133, Zone 1, M. P. Nagar, Bhopal 462011
Calicut (Kerala)	IInd Floor, Sowbhagya Shoping Complex, Areyadathupalam, Mavoor Road, Calicut 673004
Chinsurah-Hooghly (West Bengal)	J. C. Ghosh Sarani, Near Bus Stand, Chinsura 712101
Erode (Tamil Nadu)	No. 4, KMY Salai, Veerappan Traders Complex, Opp. Erode Bus Stand, Sathy Road, Erode 638003
Gurgaon (Haryana)	Shop No. 18, Ground Floor, Sector 14, Opp. AKD Tower, Near Huda Office, Gurgaon 122001
Jalgaon (Maharashstra)	148 Navi Peth, Opp. Vijaya Bank, Near Bharat Dudhalay, Jalgaon 425001
Jamnagar (Gujarat)	108 Madhav Plaza, Opp SBI Bank, Near Lal Bangalow, Jamnagar 361001
Korba (Chatisgarh)	1st Floor, 35 Indira Complex, T. P. Nagar, Korba 495677
Pondicherry	First Floor, No.7, Thiayagaraja Street, Pondicherry 605001
Ranchi (Jharkhand)	3rd Floor, Commerce Towers, Beside Mahabir Towers Main Road, Ranchi 834001
Trichur (Kerala)	2nd Floor, Brother's Complex, Near Dhana Laxmi Bank Head Office, Naikkanal Junction, Trichur 680001
Trivandrum (Kerala)	2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum 695010

B) Branch Office of **Computer Age Management Services Pvt. Ltd.**

Name of the Branch	Address
Ahmedabad (Gujarat)	402-406, 4th Floor, Devpath Building, Off C. G. Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad 380006
Ajmer (Rajasthan)	Shop No.S-5, Second Floor, Swami Complex, Ajmer 305001
Akola (Maharashtra)	Opp. RLT Science College, Civil Lines, Akola 444001
Aligarh (Uttar Pradesh)	City Enclave, Opp. Kumar Nursing Home, Ramghat Road, Aligarh 202001
Allahabad (Uttar Pradesh)	No.7, First Floor, Bihari Bhawan, 3 S.P. Marg, Civil Lines, Allahabad 211001
Amaravati (Maharashtra)	81, Gulsham Tower, Second Floor, Near Panchsheel Talkies, Amaravati 444601
Ambala (Haryana)	Opp. PEER, Bal Bhavan Road, Ambala 134003
Amritsar (Punjab)	378 Majithia Complex, First Floor, M. M. Malviya Road, Amritsar 143001
Ankleshwar (Gujarat)	G-34, Ravi Complex, Valia Char Rasta, G.I.D.C., Ankleshwar, Bharuch 393002
Asansol (West Bengal)	Block – G, First Floor, P. C. Chatterjee Market Complex, Rambandhu Talab, P. O. Ushagram, Asansol 713303

Name of the Branch	Address
Bangalore (Karnataka)	First Floor, Trade Centre, 45, Dikensen Road (Next to Manipal Centre), Bangalore 560042
Bareilly (Uttar Pradesh)	F-62-63, Butler Plaza, Civil Lines, Bareilly 243001
Belgaum (Karnataka)	Tanish Tower, CTS No. 192/A, Guruwar Peth, Tilakwadi, Belgaum 590006
Bharuch (Gujarat)	F-108, Rangoli Complex, Station Road, Bharuch 392001
Bhopal (Madhya Pradesh)	Plot No.13, Major Shopping Centre, Zone-I, M.P.Nagar, Bhopal 462011
Bhuj (Gujarat)	Data Solution, Office No.17, Municipal Building, First Floor, Opp Hotel Prince, Station Road, Bhuj, Kutch 370001
Bilaspur (Chattisgarh)	Beside HDFC Bank, Link Road, Bilaspur 495001
Bokaro (Jharkhand)	Mazzanine Floor F-4, City Centre, Sector 4, Bokaro Steel City , Bokaro 827004
Chennai (Tamil Nadu)	Ground Floor, No.178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai 600034
Cuttack (Orissa)	Near Indian Overseas Bank, Cantonment Road, Mata Math, Cuttack 753001
Davengere (Karnataka)	13, Akkamahadevi Samaj Complex, First Floor, Church Road, P.J. Extension, Davengere 577002
Dhanbad (Jharkhand)	Room No.111, Urmila Towers, First Floor, Bank More, Dhanbad 826001
Dhule (Maharashtra)	H. No. 1793/A, J.B. Road, Near, Tower Garden, Dhule 424 001
Durgapur (West Bengal)	4/2, Bengal Ambuja Housing Development Ltd., Ground Floor, City Centre, , Durgapur 713216
Faridabad (Haryana)	B-49, First Floor, Nehru Ground, Behind Anupam Sweet House, NIT, Faridabad 121001
Ghaziabad (Uttar Pradesh)	113/6, First Floor, Navyug Market, Ghaziabad 201001
Gorakhpur (Uttar Pradesh)	Shop No. 3, Second Floor, The Mall, Cross Road, A.D. Chowk, Bank Road, Gorakhpur 273001
Guntur (Andhra Pradesh)	Door No 5-38-44, 5/1 Brodipet, Near Ravi Sankar Hotel, Guntur 522002
Guwahati (Assam)	A.K. Azad Road, Rehabari, Guwahati 781008
Gwalior (Madhya Pradesh)	First Floor, Singhal Bhavan, Daji Vitthal Ka Bada, Old High Court Road, Gwalior 474001
Hosur (Tamil Nadu)	Shop No.8, J. D. Plaza, Opp. TNEB Office, Royakotta Road, Hosur 635109
Howrah (West Bengal)	Gagananchal Shopping Complex, Shop No.36 (Basement), 37 Dr. Abani Dutta Road, Salkia, Howrah 711106
Hubli (Karnataka)	206 & 207, First Floor, 'A' Block, Kundagol Complex, Opp. Court, Club Road, Hubli 580029
Hyderabad (Andhra Pradesh)	102, Jade Arcade, First Floor, Paradise Circle, Secunderabad 500003
Jabalpur (Madhya Pradesh)	975, Chouksey Chambers, Near Gitanjali School, 4th Bridge, Napier Town, Jabalpur 482001
Jammu (Jammu & Kashmir)	660 Gandhi Nagar, Jammu 180004
Jaunpur (Uttar Pradesh)	248, Fort Road, Near Amber Hotel, Jaunpur 222001
Jamshedpur (Jharkhand)	Millennium Tower, "R" Road, Room No:15, First Floor, Bistupur, Jamshedpur 831001
Jodhpur (Rajasthan)	1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur 342003
Junagadh (Gujarat)	Circle Chowk, Near Choksi Bazar Kaman, Junagadh 362001
Kadapa (Andhra Pradesh)	Door No.1-1625, DNR Laxmi Plaza, Opp. Rajiv Marg, Railway Station Road, Yerramukkapalli, Kadapa 516 004
Karur (Tamil Nadu)	No. 904, First Floor, West to Taluk Office, Jawahar Bazaar, Karur 639001

Name of the Branch	Address
Kharagpur (West Bengal)	H.No.291/1, Ward No-15, Malancha Main Road, Opposite UCO Bank, Kharagpur 721301
Kolhapur (Maharashtra)	Office No.7, AMD Sofex, Third Floor, Ayodhya Towers, Station Road, Kolhapur 416001
Kolkata (West Bengal)	(a) Ground Floor, LORDS Building, 7/1 Lord Sinha Road, Kolkata 700071 (b) 33 C. R. Avenue, 2nd Floor , Room No.13, Kolkata 700012 (Timing: 12:00 pm to 3:00 pm)
Kollam (Kerala)	Kochupilamoodu Junction, Near VLC, Beach Road, Kollam 691001
Kota (Rajasthan)	B-33 'Kalyan Bhawan, Triangle Part ,Vallabh Nagar, Kota 324007
Kottayam (Kerala)	Door No. IX / 1276, Amboorans Building, Manorama Junction, Kottayam 686001
Mapusa (Goa)	Office no.CF-8, 1st Floor, Business Point, Above Bicholim Urban Co-op Bank, Angod, Mapusa 403507
Margao (Goa)	1st Floor, Virginkar Chambers, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao 403601
Meerut (Uttar Pradesh)	108, First Floor Shivam Plaza, Opposite Eves Cinema, Hapur Road, Meerut 250002
Mehsana (Gujarat)	1st Floor, Subhadra Complex, Urban Bank Road, Mehsana 384002
Moradabad (Uttar Pradesh)	B-612 'Sudhakar', Lajpat Nagar, Moradabad 244001
Mumbai (Maharashtra)	(a) Rajabahdur Compound, Ground Floor, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai 400023 (b) 1, Skylark, Ground Floor, Near Kamgar Kalyan Kendra & B.M.C. Office, Azad Road, Andheri (East), Mumbai 400069
Muzzafarpur (Bihar)	Brahman Toli, Durgasthan, Gola Road, Muzaffarpur 842001
Mysore (Karnataka)	No.1, First Floor, CH.26, 7th Main, 5th Cross (Above Trishakthi Medicals), Saraswati Puram, Mysore 570009
Navsari (Gujarat)	Dinesh Vasani & Associates, 103 Harekrishna Complex, Above IDBI Bank, Near Vasant Talkies, Chimnabai Road, Navasari 396445
Nellore (Andhra Pradesh)	97/56, Immadisetty Towers, First Floor, Ranganayakulapet Road, Santhapet, Nellore 524001
New Delhi	304-305, III Floor, Kanchenjunga Building, 18 Barakhamba Road, Cannaugt Place, New Delhi 110001
Noida (Uttar Pradesh)	B-20. Sector 16, Near Metro Station, Noida 201301
Panipat (Haryana)	83, Devi Lal Shopping Complex, Opp. ABN Amro Bank, G.T.Road, Panipat 132103
Panjim (Goa)	No.108, First Floor, Gurudutta Bldg, Above Weekender, M. G. Road, Panaji 403001
Patiala (Punjab)	35 New Lal Bagh Colony, Patiala 147001
Pune (Maharashtra)	Office No.6, First Floor, Nirmiti Eminence, Opp. Abhishek Hotel, Mehandale Garage Road, Erandawane, Pune 411004
Rajahmundry (Andhra Pradesh)	Cabin 101, D.no 7-27-4, First Floor, Krishna Complex, Baruvari Street, T. Nagar, , Rajahmundry 533101
Ratlam (Madhya Pradesh)	Dafria & Co., 81, Bajaj Khanna, Ratlam 457001
Rourkela (Orissa)	First Floor, Mangal Bhawan Phase II , Power House Road, Rourkela 769001
Saharanpur (Uttar Pradesh)	1st Floor, Krishna Complex, Opp. Hathi Gate, Court Road, Saharanpur 247001
Salem (Tamil Nadu)	No.2, First Floor, Vivekananda Street, New Fairlands, Salem 636016
Satara (Maharashtra)	Sargam Apartment, 117/A/3/22, Shukrawar Peth, Satara 415002
Shimla (Himachal Pradesh)	First Floor, Opp. Panchayat Bhawan Main gate, Bus Stand, Shimla 171001
Shimoga (Karnataka)	Nethravathi, Near Gutti Nursing Home, Kuvempu Road, Shimoga 577201
Siliguri (West Bengal)	No. 8, Swamiji Sarani, Ground Floor, Hakimpara , Siliguri 734001
Shillong (Meghalaya)	First Floor, LDB Building, G. S. Road, Shillong 793001

Name of the Branch	Address
Solapur (Maharashtra)	4, Lokhandwala Tower, 144, Sidheshwar Peth, Near Z.P., Opp. Pangal High School, Solapur 413001
Thane (Maharashtra)	3rd Floor, B Wing, Nalanda Chambers, Gokhale Road, Near Hanuman Temple, Naupada, Thane (West) 400602
Tirunelveli (Tamil Nadu)	First Floor, Mano Prema Complex, 182/6, S.N. High Road, Tirunelveli 627001
Tirupathi (Andhra Pradesh)	Shop No.14, Boligala Complex, 1st Floor, Door No.18-8-41B, Near Leela Mahal Circle, Tirumala Byepass Road, Tirupathi 517501
Tirupur (Tamil Nadu)	1(1), Binny Compound, II Street, Kumaran Road, Tirupur 641601
Udaipur (Rajasthan)	32 Ahinsapuri, Fatehpura Circle, Udaipur 313004
Valsad (Gujarat)	Ground Floor, Yash Kamal – 'B', Near Dreamland Theater, Tithal Road, Valsad 396001
Vapi (Gujarat)	215-216, Heena Arcade, Opp. Tirupati Tower, Near G.I.D.C, Char Rasta, Vapi 396195
Vellore (Tamil Nadu)	No.54, First Floor, Pillaiyar Koil Street, Thotta Palayam, Vellore 632004
Warangal (Andhra Pradesh)	F13, 1st Floor, BVSS Mayuri Complex, Opp. Public Garden, Lashkar Bazaar, Hanamkonda, Warangal 506001