



FRANKLIN TEMPLETON MUTUAL FUND

STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information (SAI) contains details of Franklin Templeton Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (and is legally a part of the Scheme Information Document).

Asset Management Company : Franklin Templeton Asset Management (India) Pvt. Ltd.
Trustee Company : Franklin Templeton Trustee Services Pvt. Ltd.
Sponsor : Templeton International Inc., U.S.A.

Please retain this SAI for future reference. Before investing, investors should also ascertain about any further changes in this SAI after the date of SAI from the Mutual Fund's Investor Service Centres / Website / Distributors or Brokers.

This SAI is dated June 29, 2012.

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01. DEFINITIONS

In this Statement of Additional Information (SAI), the following definitions have been used:

AMC/ Asset Management Company/ Investment Manager	Franklin Templeton Asset Management (India) Pvt. Ltd. , the asset management company, set up under the Companies Act, 1956 and authorised by SEBI to act as Asset Management Company to the schemes of Franklin Templeton Mutual Fund
AMFI	The Association of Mutual Funds in India
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	Business Day for the scheme, as defined in the respective Scheme Information Document
Collection Centre	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
Custodian	The custodian(s) appointed for holding the securities and other assets of the schemes of the Mutual Fund
Investment Management Agreement / IMA	Investment Management Agreement (IMA) dated January 5, 1996 executed between Franklin Templeton Trustee Services Pvt. Ltd. and Franklin Templeton Asset Management (India) Pvt. Ltd, as amended by the Supplemental Investment Management Agreement dated August 26, 2005.
ISC	Investor Service Centre of the Asset Management Company
Mutual Fund	Franklin Templeton Mutual Fund , a trust set up under the provisions of Indian Trusts Act 1882, and registered with SEBI vide Registration No. MF/026/96/8.
NAV	Net Asset Value of the units of the schemes of Franklin Templeton Mutual Fund
RBI	Reserve Bank of India established under the Reserve Bank of India Act, 1934.
Registrar	Registrar for the time being of the Mutual Fund
Scheme	A Scheme set up and launched under Franklin Templeton Mutual Fund
Scheme Information Document	The document issued by Franklin Templeton Mutual Fund offering units of the Scheme of the Mutual Fund
SEBI	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.
SEBI Regulations / Regulations	SEBI (Mutual Funds) Regulations, 1996 , as amended from time to time, for the operation and management of Mutual Funds.
Sponsor	Templeton International Inc , a subsidiary of Franklin Resources Inc., based in San Mateo, California, USA.
Trust Deed	The Trust Deed dated January 4, 1996 of Franklin Templeton Mutual Fund, as amended by the Supplemental Deed of Trust dated March 30, 1996 and the Supplemental Deed of Trust dated August 26, 2005.
Trustee	Franklin Templeton Trustee Services Pvt. Ltd. , a company set up under the Companies Act 1956, and approved by SEBI to act as the Trustee to the schemes of Franklin Templeton Mutual Fund.
Unit	The interest of an investor, which consists of, one undivided share in the Net Assets of the Scheme.
Unitholder	A person holding Unit(s) in the Scheme.

The scheme abbreviations used in this SAI are as follows:

Templeton India Growth Fund (TIGF), Franklin India Index Fund (FIIF), Franklin India Index Tax Fund (FITF), FT India Balanced Fund (FTIBF), Templeton Monthly Income Plan (TMIP), Templeton India Low Duration Fund (TILDF), FT India Monthly Income Plan (FTIMIP), Franklin FMCG Fund (FFF), Franklin

India Bluechip Fund (FIBCF), Franklin India Prima Fund (FIPF), Templeton Floating Rate Income Fund (TFIF), Templeton India Income Fund (TIIF), Templeton India Children's Asset Plan (TICAP), Templeton India Income Builder Account (TIIBA), Franklin India Opportunities Fund (FIOF), Franklin Pharma Fund (FPF), Franklin Infotech Fund (FIF), Franklin India Prima Plus (FIPP), Templeton India Pension Plan (TIIP), Templeton India Government Securities Fund (TGSF), Templeton India Cash Management Account (TICMA), Templeton India Treasury Management Account (TITMA), Templeton India Short Term Income Plan (TISTIP), FT India Dynamic PE Ratio Fund of Funds (FTDPEF), FT India Life Stage Fund of Funds (FTLF), Franklin India Flexi Cap Fund (FIFCF), Franklin Templeton Fixed Tenure Fund (FTTF), Franklin India Smaller Companies Fund (FISCF), Templeton India Equity Income Fund (TIEIF), Franklin Templeton Capital Safety Fund (FTCF), Templeton Fixed Horizon Fund (TFHF), Franklin Templeton Capital Protection Oriented Fund (FTCPOF), Franklin India High Growth Companies Fund (FIHGCF), Franklin Asian Equity Fund (FAEF), Templeton India Ultra-short Bond Fund (TIUBF), Franklin Build India Fund (FBIF), Templeton India Income Opportunities Fund (TIIOF), Templeton India Corporate Bond Opportunities Fund (TICBOF), FT India Feeder – Franklin U. S. Opportunities Fund (FTIF-FUSOF), LT – Long Term Plan, ST – Short Term Plan, GP-Growth Plan, DP-Dividend Plan, WDP-Weekly Dividend Plan, DDP-Daily Dividend Plan, IP-Institutional Plan, SIP–Super Institutional Plan, LP–Liquid Plan, TP–Treasury Plan.

02. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY

A. CONSTITUTION OF THE MUTUAL FUND

Franklin Templeton Mutual Fund (Mutual Fund / FTMF) has been constituted as a Trust on January 04, 1996 in accordance with the provisions of the Indian Trusts Act, 1882 with Templeton International Inc., as the Sponsor and Franklin Templeton Trustee Services Private Limited as the Trustee. The Deed of Trust dated January 04, 1996 and the Supplemental Deeds of Trust dated March 30, 1996 and August 26, 2005 have been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on February 19, 1996 under Registration Code MF/026/96/8.

B. SPONSOR

Franklin Templeton Mutual Fund is sponsored by Templeton International, Inc. Templeton International Inc., is a wholly owned subsidiary of Templeton worldwide Inc., which in turn is a wholly owned subsidiary of Franklin Resources Inc. The sponsor was responsible for setting up and establishing the Franklin Templeton Mutual Fund. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.1 lakh to the Trustee as the initial contribution towards the corpus of the Mutual Fund. The Trustee has appointed Franklin Templeton Asset Management (India) Private Ltd. as the Investment Manager.

The Sponsor is represented by Directors on the Board of the Trustee Company and the Asset Management Company in accordance with the SEBI Regulations. The Sponsor shall be responsible for discharging its functions and responsibilities towards the Fund in accordance with Regulations and the various constitutive documents of the Fund.

THE FRANKLIN TEMPLETON GROUP

Franklin Resources, Inc. (commonly known as Franklin Templeton Investments) is a diversified financial services company based in San Mateo, California, USA. Through its operating subsidiaries, it provides a wide range of investment products and services to clients worldwide. The Franklin Templeton Investments is one of the world's largest investment management companies, which has over 60 years of experience in international investment management.

There are offices all over the world in over 30 countries including The United States of America, Bahamas, Canada, Argentina, France, Germany, Italy, Luxembourg, Poland, Russia, United Kingdom, Hong Kong, Singapore, Korea, India, China, Australia & South Africa. Globally, Franklin Templeton offers Open End Mutual Funds, Separately Managed Accounts and Other Investment Vehicles and manages more than 23 million Shareholder Accounts worldwide.

FINANCIAL PERFORMANCE

Particulars	30-Sep-11	30-Sep-10	30-Sep-09
Total income (US\$ million)	7,140.0	5,853.0	4,194.1
Profit After Tax (US\$ million)	1,923.6	1,445.7	896.8
Net Worth (US\$ million)	8,524.7	7,727.0	7,632.2
Equity Capital (US\$ million)	21.8	22.4	22.93
Earnings per Share (US\$)	8.66	6.36	3.87
Book Value per Share (US\$)	41.82	34.49	33.28
Dividend per Share (US\$)	1.00	3.88	0.84
Asset Under Management (AUM) (US\$ billion)	659.9	644.9	523.4

THE FRANKLIN TEMPLETON EDGE

Franklin Templeton Investments offers nearly 400 investment products under the Franklin, Templeton, Mutual Series, Fiduciary Trust, Bissett and Darby names globally, providing investors with the flexibility to choose from a great variety of goals-from value to growth and sector-specific to international-to meet their individual investment objectives.

Franklin offers investors both, 'growth' and 'value' style equity products, as well as several focused sector portfolios. Franklin's growth team looks for companies with distinct and sustainable competitive advantages in rapidly growing markets, while value-driven analysts search for bargains and a catalyst that might unlock the companies' hidden worth for shareholders. This group also offers a line of fixed-income funds whose focus is on income, without speculating on interest rates or buying exotic derivatives. Due to Franklin's size and presence in the bond market, portfolio managers receive competitive offerings, which can reduce costs and help boost yields and returns. In fact, among tax-free fund managers, Franklin is the largest in the nation. The municipal bond team's success can be attributed to a conservative, straightforward investment philosophy that emphasizes high, current tax-free income, while seeking preservation of capital. Franklin also offers a variety of money funds.

Templeton has more than 60 years of experience in global mutual fund management. Templeton managers are bargain hunters, employing a bottom-up, value-oriented approach to stock selection. They focus on identifying stocks of companies throughout the world that they believe are selling at the greatest discount to their five-year potential. They buy at the point of maximum pessimism and sell at the point of maximum optimism.

The Mutual Series group of global and domestic equity value funds focus on three types of investment opportunities: stocks trading at a deep discount to asset value; companies in the midst of change such as mergers, reorganizations, restructuring, division sales or purchases, or management changes; and securities that are distressed or in bankruptcy. While many money managers avoid these situations, Mutual Series' managers believe careful research can uncover exceptional opportunities.

FRANKLIN TEMPLETON IN INDIA: A LONG TERM COMMITMENT

As part of Franklin Templeton's major thrust on investing in emerging markets around the world, Franklin Templeton has been investing in India for the past several years. These investments are based on original research and first hand understanding of the forces those influence the economic environment. Franklin Templeton has established offices at 33 places in India.

Franklin Templeton Asset Management (India) Pvt. Ltd. (FTAMIL) / Nominees and Franklin Templeton Trustee Services Pvt. Ltd. (FTTSL) / Nominees had acquired 100% shares in Pioneer ITI AMC Ltd. and Pioneer ITI Mutual Fund Pvt. Ltd. respectively, in July 2002 after obtaining the approval from SEBI. Subsequently the registration certificate of Pioneer ITI Mutual Fund was surrendered to SEBI for cancellation. SEBI vide its letter dated February 17, 2003 cancelled the same.

In April 2007, Franklin Templeton Holding Ltd., Mauritius and its nominee acquired 25% of the paid up equity capital of Franklin Templeton Asset Management (India) Pvt. Ltd., the AMC and Franklin Templeton Trustee Services Pvt. Ltd., the Trustee Company, held by Hathway Investments Ltd. and its

associate, thereby acquiring 100% of the AMC's and Trustee Company's paid up capital.

C. THE TRUSTEE

Franklin Templeton Trustee Services Private Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations to the Franklin Templeton Mutual Fund as the Trustee of the Mutual Fund. Franklin Templeton Trustee Services Private Limited is a private company limited by shares incorporated under the Companies Act, 1956 on December 19, 1995. The Registered Office of the Company is situated at Indiabulls Finance Centre, Tower 2, 12th and 13th Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and reviews the activities carried on by the AMC. The Board of Directors of Franklin Templeton Trustee Services Private Limited held six meetings during the year 2011-12.

The members of the Board of Directors of the Trustee Company ("the Board of the Trustees") are: -

• **Gregory E. McGowan** (Associate Director)

Mr. Gregory E. McGowan, aged 62 years, is Executive Vice President, Director and General Counsel of Templeton International, Inc., the organisation responsible for the development and operation of Templeton businesses outside of North America and for Templeton Worldwide, Inc., the holding company of all the Templeton subsidiaries. Mr. McGowan joined the Franklin Templeton organisation in 1986 and also serves as Executive Vice President, Secretary of Templeton Global Advisors Limited (a Bahamas corporation). Prior to joining Franklin Templeton Investments, Mr. McGowan was a senior attorney for the United States Securities and Exchange Commission. Mr. McGowan earned his B.A. in Economics and international Affairs from the University of Pennsylvania, an M.A. from the University of Paris and a J.D. from Georgetown University Law Centre.

• **Stephen H. Dover** (Associate Director)

Mr. Stephen H. Dover, CFA, aged 51 years, is International Chief Investment Officer for Franklin's Local Asset Management groups. He is responsible for overseeing the investment functions of the locally managed and distributed products in South Korea, Brazil, China, India and UAE. He also oversees the Franklin branded Asian equity growth products. In his capacity of overseeing the investment areas of local asset management companies, Mr. Dover has managed investment groups in South Korea, China, Taiwan, Japan, France, Italy, Hong Kong, Singapore, India, South Africa and Brazil. Prior to serving in his current role, Mr. Dover was a Founder and Chief Investment Officer of Bradesco Templeton Asset Management (BTAM), a joint venture with Brazil's largest private bank, in Sao Paulo, Brazil. Under Mr. Dover's direction, BTAM became the largest joint-venture asset management company in Brazil. Mr. Dover also served on the Board of Directors of several publicly traded Brazilian companies. Prior to joining Franklin Templeton in 1997, Mr. Dover was a Portfolio Manager and Principal at Newell Associates in Palo Alto, CA where he co-managed retail and institutional equity assets including the Vanguard Equity Income Fund. Previously, Mr. Dover worked for Towers Perrin Consulting in New York, London and San Francisco. Mr. Dover earned a B.A., with Honours, in Communications and Business Administration from Lewis and Clark College and a M.B.A in Finance from The Wharton School of the University of Pennsylvania. He is a Chartered Financial Analyst (CFA) Charterholder, as well as a Certified Financial Planner (CFP). Mr. Dover has lived in China, Costa Rica, England, Brazil and the United States.

• **Anand J. Vashi** (Independent Director)

Mr. Anand Vashi, aged 59 years, is a fellow member of the Institute of Chartered Accountants of India and is in practice from 1978. He is a Senior Partner with a firm of Chartered Accountants. He is also a director on the Board of various companies and trustee of charitable institutions.

Details of other Directorships are as under:

Name	Details
K & M Consultants Pvt. Ltd.	Director
Lucid Technologies Pvt. Ltd.	Director
Skyline Millars Ltd.	Director
Millars Machinery Co. Pvt. Ltd.	Director
Lucid Agro Pvt. Ltd.	Director
Uttarak Enterprises Pvt. Ltd.	Director

• **Percy Jal Pardiwalla** (Independent Director)

Mr. Percy Pardiwalla, aged 51 years, is a distinguished lawyer specialising in the field of tax laws. His area of expertise is taxation and he has been practising in this field for over 20 years.

• **Dr. Indu Shahani** (Independent Director)

Dr. (Mrs.) Indu Shahani, aged 60 years, is the Hon'ble Sheriff of Mumbai and Principal of H. R. College of Commerce & Economics, Mumbai. Recognised as an international academician, Dr. Shahani is Vice-President, International Baccalaureate Organisation - IBO, being the first Indian on the Board of Governors. At the University level, Dr. Shahani holds key positions at the Academic Council, Faculty of Commerce and Board of Studies in Business Management. Dr. Shahani is a Visiting Faculty Member at the UC Berkeley, and School of Management NJIT, USA. She is also the Chairperson of United Way of Mumbai and Member - Advisory Board of Wockhardt Foundation.

Dr. Shahani has earned Doctorate in Commerce from University of Mumbai.

Dr. Shahani has received many awards, prominent among them are 'Women's Achievers' Award' by Young Environmentalists Programme Trust, 'Woman of the Year Award' by Junior Chamber International, 'Excellence in Education Award' at the FLO Great Women Achiever Awards, 'The Giants International Education Award', 'Achievement Award' by Sahyog Foundation, Women Graduates' Union Award for Education and 'The KAP Mumbai Education Award'.

Details of other Directorships are as under:

Name	Details
Indian Oil Corporation Limited	Director
Bajaj Electricals Limited	Director
Eureka Forbes Limited	Director
Octopus Steel Private Limited	Director

RESPONSIBILITIES AND DUTIES OF THE TRUSTEE

Pursuant to the Deed of Trust constituting the Mutual Fund and SEBI Regulations, the Trustee, inter alia, has the following responsibilities and duties:

- a) The Trustee shall ensure before the launch of any scheme that the asset management company has:
 - i) systems in place for its back office, dealing room and accounting.
 - ii) appointed all key personnel including fund manager(s) for the scheme(s) and market, submitted their bio-data to the Trustee within fifteen days of their appointment, which shall contain the educational qualifications, past experience in the securities.
 - iii) appointed auditors to audit the accounts.
 - iv) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions etc. issued by SEBI or the Central Government and for redressal of investor's grievances.
 - v) appointed registrars and laid down parameters for their supervision.
 - vi) prepared a compliance manual and designed internal control mechanisms including internal audit systems.
 - vii) specified norms for empanelment of brokers and marketing agents.

- b) The Trustee shall obtain consent of the unit holders of the scheme(s):
 - i) When the Trustee is required to do so by SEBI in the interests of the unitholders; or
 - ii) Upon the request of three-fourths of the unit holders of any scheme(s) under the Mutual Fund; or
 - iii) If a majority of the directors of the Trustee company decide to wind up the scheme(s) or prematurely redeem the units

- c) In carrying out his/her responsibilities as a member of the Board of Trustee, each Trustee shall maintain an arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which he may be associated in any transaction also involving the Mutual Fund.

- d) No Trustee shall participate in the meetings of the Board of Trustee when any decisions for investments in which he / she may be interested are taken.
- e) All the Trustee shall furnish to the Board of Trustee, particulars of interest which he/she may have in any other company, or institution or financial intermediary or any corporate by virtue of his/her position as director, partner or with which he-she may be associated in any other capacity.
- f) The Trustee shall have the right to obtain from the AMC such information as is considered necessary by the Trustee.
- g) The Trustee shall ensure that the AMC has been diligent in empanelling brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- h) The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to the interest of unitholders.
- i) The Trustee shall ensure that the transactions entered into by the AMC are in accordance with the SEBI Regulations and the schemes.
- j) The Trustee shall ensure that the AMC has been managing the schemes independently of other activities and have taken adequate steps to ensure that the interest of the scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- k) The Trustee shall ensure that all the activities of the AMC are in accordance with the provisions of SEBI Regulations.
- l) Where the Trustee has reason to believe that the conduct of business of the Mutual Fund is not in accordance with SEBI Regulations, they shall forthwith take remedial steps as are considered necessary by them and shall inform the SEBI of the violation and the action taken by them.
- m) Each Trustee shall file the details of his/her transactions in securities on a quarterly basis with the trust.
- n) The Trustee shall be accountable for, and be the custodian of, the funds and property of the scheme and shall hold the same in trust for the benefit of the unitholders in accordance with SEBI Regulations and the provisions of the trust deed.
- o) The Trustee shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the trust deed.
- p) The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of the scheme in accordance with the SEBI Regulations and the trust deed.
- q) The Trustee shall call for the transactions in securities of the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI as and when required.
- r) The Trustee shall review, on a quarterly basis, all transactions carried out between the Mutual Fund, AMC and its associates.
- s) The Trustee shall review the net worth of the AMC on a quarterly basis and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of the SEBI Regulations.
- t) The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency and satisfy itself that such contracts are executed in the interest of the unitholders.
- u) The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interests of the unitholders.
- v) The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
- w) The Trust Deed can be amended only with the prior approval of SEBI and Unitholders, where it affects the interests of the unitholders.
- x) The Trustee shall forbid the Mutual Fund to make or guarantee loans or take up any activity in contravention of the Regulations.
- y) The Trustee shall forbid acquisition any asset out of the Mutual Fund's assets which acquisition may have the effect of the Mutual Fund assuming any unlimited liability or which has the effect of encumbering the assets in any way.
- z) The Trustee shall abide by the Code of Conduct as specified in the SEBI Regulations.

In case of capital protection oriented schemes, the Trustee shall continuously monitor the structure of the portfolio. Further, the rating of such schemes shall be reviewed on a quarterly basis.

Modifications, if any, in the rights and/or obligations and duties of the Trustee are on account of amendments to the Regulations and the Regulations supersede/override the provisions of the Trust Deed, wherever the two are in conflict.

The Trustee may also consolidate/merge the scheme/plan as per SEBI Circular SEBI/MFD/CIR.No.05/12031/03 dated June 23, 2003 and directions issued by SEBI from time to time.

The Trustee, in discharge of its duties, and in exercise of all discretionary powers, may engage, appoint, employ, retain, or authorise the AMC to engage, appoint, employ or retain any solicitors, advocates, bankers, brokers, accountants, professional advisors and consultants as it may deem appropriate.

Trustee shall exercise due diligence as under:

A. General Due Diligence:

- i) The Trustee shall be discerning in the appointment of the directors on the Board of the asset management company.
- ii) Trustee shall review the desirability of continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new scheme.
- iii) The trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by proper number of such persons.
- iv) The trustee shall ensure that all service providers are holding appropriate registrations from the Board of concerned regulatory authority.
- v) The Trustee shall arrange for test checks of service contracts.
- vi) Trustee shall immediately report to Board of any special developments in the Mutual Fund.

B. Specific Due Diligence:

The Trustee shall

- i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.
- ii) obtain compliance certificates at regular intervals from the asset management company.
- iii) hold meeting of Trustee more frequently.
- iv) consider the reports of the independent auditor and compliance reports of asset management company at the meetings of Trustee for appropriate action.
- v) maintain records of the decisions of the Trustee at their meetings and of the minutes of the meetings.
- vi) prescribe and adhere to a code of ethics by the Trustee, Asset Management Company and its personnel.
- vii) communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies.

The independent directors of the Trustee or asset management company shall pay specific attention to the following, as may be applicable, namely:

- i) the Investment Management Agreement and the compensation paid under the agreement.
- ii) service contracts with affiliates – whether the asset management company has charged higher fees than outside contractors for the same services.
- iii) selection of the asset management company's independent directors.
- iv) securities transactions involving affiliates to the extent such transactions are permitted.
- v) selecting and nominating individuals to fill independent directors vacancies.
- vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
- vii) the reasonableness of fees paid to sponsors, asset management company and any others for services provided.
- viii) principal underwriting contracts and their renewals.
- ix) any service contract with the associates of the asset management company.

The Trustee shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

Pursuant to the Deed of Trust constituting the Mutual Fund, the Mutual Fund is authorised to pay to the Trustee, which in turn pays to its individual directors, a fee for their services in such capacity. Out of pocket expenses incurred for attending meeting of trustee shall be paid separately and may be charged to the Fund within overall ceiling of expenses as stated in the Regulations. Mr. Gregory McGowan and Mr. Stephen Dover, however, will not receive any fees to act as Directors of the Trustee.

D. ASSET MANAGEMENT COMPANNY / INVESTMENT MANAGER

Franklin Templeton Asset Management (India) Private Limited has been appointed as the Asset Management Company of the Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated January 5, 1996, executed between Franklin Templeton Trustee Services Pvt. Ltd and

Franklin Templeton Asset Management (India) Pvt. Ltd., as amended by the Supplemental Investment Management Agreement dated August 26, 2005. The Investment Manager was approved by SEBI to act as the asset management company (AMC) for the Mutual Fund vide SEBI letter No.IIMARP/406/96 dated February 19, 1996.

Franklin Templeton Asset Management (India) Private Limited is a private company limited by shares incorporated under the Companies Act, 1956 on October 6, 1995. The Registered Office of the Company is situated at Indiabulls Finance Centre, Tower 2, 12th and 13th Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013. The entire (100%) paid up capital of the Investment Manager is held by Franklin Templeton Holding Ltd., Mauritius and its nominees. Franklin Templeton Holding Ltd. is a wholly owned subsidiary of Franklin Templeton Asia Holdings Pte. Ltd., Singapore. Franklin Templeton Asia Holdings Pte. Ltd. is a wholly owned subsidiary of Franklin Templeton Capital Holdings Pte. Ltd., Singapore, which is a wholly owned subsidiary of Templeton International Inc., USA, a wholly owned subsidiary of Templeton Worldwide Inc., USA, which in turn is a wholly owned subsidiary of Franklin Resources Inc., USA.

DUTIES AND OBLIGATIONS OF THE INVESTMENT MANAGER

Pursuant to the SEBI Regulations and the Investment Management Agreement between the Trustee and the AMC, the Investment Manager, inter alia, has the following responsibilities and duties:

- a) To develop, manage, advise in framing any new scheme or schemes of the Mutual Fund with the approval of Trustee and SEBI and to manage the funds comprising the same and for the purposes aforesaid; and to conduct negotiations and enter into agreements and contracts including buying and selling of Government securities, stocks, shares, debentures, bonds, commercial papers, instruments of all kinds in furtherance of the objects of the Mutual Fund.
- b) To act as the Investment Manager of the Mutual Fund with respect to the investment and reinvestment of the cash, securities and other properties comprising the assets of each scheme organised under the Mutual Fund with full discretionary authority in accordance with the investment objectives, investment policies and restrictions set out in the respective scheme Information document, the Deed of Trust and the SEBI Regulations from time to time, and for that purpose manage the acquisition, holding and disposal of the assets of the Mutual Fund and the various schemes framed there under, assume day to day investment management of the Mutual Fund and make investment decisions.
- c) To provide the Trustee or any party designated by the Trustee with: -
 - evaluation of current economic conditions;
 - evaluation of particular prospects in the securities markets;
 - investment research and advice for the assets of the Mutual Fund consistent with the provisions of the Deed of Trust and the investment policies and guidelines adopted and declared by the Trustee; and
 - any other activities as may be directed by the Trustee.
- d) To ensure that the delivery of scrips purchased is taken and that delivery is given in the case of scrips sold and that the Mutual Fund in no case engages in short selling or carry-forward transactions or badla finance, except as provided in the respective scheme Information Document and the Regulations.
- e) To ensure that no Information Document of a Scheme, Key Information Memorandum, abridged half yearly results and annual results is issued or published without the prior approval of the Trustee.
- f) To report all investments to the Trustee and the Custodian of the Mutual Fund.
- g) To hold all assets of the Mutual Fund separate from its own assets, free and clear of all liens, claims and encumbrances of any party, except as provided in the IMA and segregate the assets under its management, scheme-wise.
- h) To submit such quarterly reports to the Trustee regarding the Investment Manager's activities as specified in the IMA as the Trustee or SEBI may prescribe from time to time.
- i) To maintain books and registers about the operation of various schemes of the Mutual Fund under its management to ensure compliance with the SEBI Regulations, and demonstrate that such compliance by it has been achieved.
- j) To report market prices of the securities in which the Mutual Fund's assets are invested to the Trustee and Custodian(s) of the Mutual Fund, as required for the purpose of determining the NAV of the Mutual Fund.
- k) To disclose the basis of calculating the re-purchase price and NAV of the various schemes in the scheme particulars and to disclose the same to investors at such intervals as may be specified by the Trustee and SEBI.
- l) To obtain from the Custodian(s) of the Mutual Fund, from time to time, such financial reports, proxy

statements and other information relating to the business and affairs of the Mutual Fund as the Investment Manager may reasonably require in order to discharge its duties and obligations as specified in the IMA, or to comply with the SEBI Regulations, or any applicable law, rules and regulations.

- m) To take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.
- n) To provide an option of nomination to the unitholders in terms of the Regulations.
- o) The AMC shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board.
- p) The AMC shall file with the trustees and SEBI detailed bio-data of all its directors along with their interest in other companies and any change in the interests of directors.
- q) The AMC shall abide by the Code of Conduct as specified in the Regulations.
- r) The AMC shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in SEBI Regulations, and shall publish the same.
- s) The AMC and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

Modifications, if any, in the rights and/or obligations and duties of the Investment Manager are on account of amendments to the Regulations and the Regulations supersede/override the provisions of the IMA, wherever the two are in conflict.

The AMC had obtained a certificate from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993, vide registration No.INP000000464 and commenced the activity. The AMC has also obtained a No-Objection letter from SEBI under Regulation 24(2) of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 for commencing the Portfolio Managers activity. SEBI has accorded its no objection for providing non-binding investment advisory services to the group/ subsidiaries of the sponsor company for Franklin Templeton group, which are established outside India and invest in securities as FIIs or sub-accounts. The AMC has policies and systems in place to ensure that there is no conflict of interest between the aforesaid activities and to handle if any unavoidable conflict of interest, as envisaged in Regulation 24 of the SEBI (MF) Regulations, arises.

BOARD OF DIRECTORS

The Board of Directors of the Investment Manager is: -

• Vijay C. Advani (Associate Director)

Mr. Vijay Advani, aged 51 years, is Executive Vice President of Global Advisory Services. He is responsible for Franklin Templeton's global retail and institutional distribution strategies and initiatives, including sales, marketing, client service and product development. Mr. Advani joined the Templeton organisation in 1995 as the president of Templeton Asset Management (India) Pvt. Ltd., in Mumbai (Bombay). In 2000, he moved to Singapore as the regional managing director, Product Development, Sales & Marketing for Asia, Eastern Europe and Africa. In 2002, he relocated to California and was appointed executive managing director of International Retail Development. In 2005, he took responsibilities for global retail distribution and in 2008 assumed his current role. Prior to joining Franklin Resources, Mr. Advani worked at the World Bank Group in Washington, DC. His primary responsibility was providing advisory and technical assistance to government authorities on the development of securities and financial markets; structuring, establishing and financing specialized financial institutions; and mobilizing equity, quasi-equity and debt financing. He worked in several emerging economies in the former Soviet Union, Asia, Middle East and Africa. Mr. Advani received an M.B.A. from the University of Massachusetts, Amherst, where he graduated as a foreign student scholar and a bachelor's degree in accounting and finance from the University of Bombay (now the University of Mumbai), India.

• Dr. J. Mark Mobius (Associate Director)

Dr. J. Mark Mobius, aged 75 years, is the Executive Chairman of Templeton Asset Management Ltd., Singapore. He joined Templeton in 1987 as president of the Templeton Emerging Markets Fund, Inc. He currently directs the analysts based in Templeton's 13 emerging markets offices and manages the emerging markets portfolios. Dr. Mobius has spent more than 30 years working in emerging markets all over the world. Dr. Mobius earned bachelor's and master's degrees from Boston University, and a Ph.D. in economics and political science from the Massachusetts Institute of Technology. Dr. Mobius has

received numerous awards.

• **Jed Plafker** (Alternate Director to Dr. Mobius)

Mr. Jed Plafker, aged 41 years, is currently serving as Executive Managing Director of Franklin Templeton International. In this capacity, he is responsible for the international retail sales and marketing function. He is also serving as Managing Director of Franklin Templeton Alternative Strategies overseeing the sales, marketing and distribution of FT's alternative investment products. He is also a Director of various Franklin Templeton corporate and investment entities.

Mr. Plafker joined the Franklin Templeton Group in 1995 as an attorney in Franklin Templeton's Corporate Legal Department. In January 1998, Mr. Plafker joined the International Legal Team as a Vice President covering legal issues around the world. In May 2000, he moved to Franklin Templeton's Hong Kong office to become Chief Legal Counsel, Asia, where he had responsibility for all legal issues effecting FT's Asia business, products and people.

In April 2001, Mr. Plafker took on the role of Country Head in Hong Kong where he ran the sales and marketing operations for Hong Kong while continuing in his role as Chief Legal Counsel for Asia. In July 2002 he became Managing Director of Franklin Templeton Alternative Strategies. In January 2003, Mr. Plafker relocated to London to become one of five Managing Directors of Franklin Templeton's International Retail Group where he was responsible for overseeing the sales and marketing of all FT products in Africa, Middle East, and parts of Europe including the UK, Spain, Switzerland and various Nordic countries. In June 2005 Mr. Plafker relocated to Franklin Templeton's headquarters in the United States.

Mr. Plafker earned a Bachelor of Arts degree in Economics and Business from Lafayette College in Easton, Pennsylvania and a Juris Doctorate from the University of Miami in Coral Gables, Florida.

• **Vivek Kudva** (Associate Director)

Vivek Kudva, aged 52 year, is Managing Director, India and CEEMEA, Franklin Templeton Investments. In this capacity, he is responsible for providing strategic direction and leadership to the firm's businesses in India and CEEMEA. He is based in Mumbai.

Prior to joining Franklin Templeton, Mr. Kudva was general manager - Banking with National Bank of Oman, Muscat. Before this, he was with Hongkong & Shanghai Banking Corporation (HSBC) for over 18 years in India. He has extensive commercial banking experience and was Head - Personal Financial Services, India, in his last assignment with HSBC. He was instrumental in successfully developing and executing the bank's retail growth strategy in India.

Mr. Kudva is an engineering graduate from the Indian Institute of Technology (IIT) Delhi, India, and has a post graduate diploma in management from the Indian Institute of Management Ahmedabad (IIMA), India.

• **Deepak Satwalekar** (Independent Director)

Mr. Deepak Satwalekar, aged 63 years, obtained a Bachelors Degree in Technology with a Major in Mechanical Engineering from the Indian Institute Technology, Mumbai. He has completed a Masters Degree in Business Administration from the American University, Washington D.C. Mr. Satwalekar retired as the Managing Director and CEO of HDFC Standard Life Insurance Co. Ltd. Prior to that, he was the Managing Director of Housing Development Finance Corporation Ltd. Mr. Satwalekar has been a consultant to the World Bank, the Asian Development Bank, and other bilateral and multilateral agencies and has worked in several countries. Besides being a recipient of the "Distinguished Alumnus Award" from IIT, Bombay, he is on the Advisory Council of the IIT, Bombay. He has been a member of/chaired several industry, Reserve Bank of India and government expert groups.

• **Navroz Seervai** (Independent Director)

Mr. Navroz H. Seervai, aged 55 years, is a leading Advocate in Mumbai. He is actively involved in public interest litigation in the field of Environmental Law and Civil Liberties and Human Rights. He started practice in the Bombay High Court in the Chambers of R. J. Joshi and A. M. Setalvad, specialised in Constitutional and Administrative Law, Company and Corporate Law, and Environmental Law.

He completed his B.A. (Hons) from Elphinstone College in 1977 and earned his Law degree from the Government Law College, Mumbai in 1981. While studying law, Navroz won many awards - the Kinloch Forbes Gold Medal for Jurisprudence & the Telang Memorial Gold Medal. Navroz also dedicates a lot of his time and energy to various social activities. He is a member of the Peoples' Union for Civil Liberties & the Bombay Environmental Action Group since 1981.

• **M. B. N. Rao** (Independent Director)

Mr. M.B.N. Rao, aged 64 years, is the former Chairman & Managing Director of Canara Bank. Mr. Rao has vast experience in the financial sector and has held several other senior positions in the banking industry such as the Chairman & Managing Director of Indian Bank and Vice Chairman of Commercial Bank of India, Moscow (a joint venture of State Bank of India and Canara Bank). He has also been the Chairman of Indian Banks' Association. Further, Mr. Rao has been the Chairman of Canara Bank Subsidiaries in Insurance, Mutual Fund, Venture Capital, Factoring, Computer Services, and Online Trading & Broking and Indian Bank Subsidiaries in Merchant Banking, Housing and Mutual Fund. Currently, Mr. Rao is a Director on the Board of Governors of National Institute of Securities Markets and a Member of the Corporate Governance and Audit committee, HSBC India.

Mr. Rao earned a Bachelor of Science degree in Agriculture. He is also an Associate of the Chartered Institute of Bankers, London and Fellow of the Indian Institute of Banking & Finance.

Mr. Rao has received a number of awards for Indian Bank and Canara Bank from His Excellency President of India, Hon'ble Prime Minister, Hon'ble Finance Minister, Hon'ble Minister for Commerce and Governor, RBI for being the 'Best PSB', 'Best Performance in Financing to SMEs', 'Best Performance in lending to Agriculture', 'Best performance in lending for Exports' and 'Best Bank in Strength & Soundness' 'Best in Corporate Governance' 'Best in CSR' etc and a number of commendations.

INFORMATION ON KEY PERSONNEL:

Name	Age (years)	Qualifications	Functions & Experience
Harshendu Bindal Total Experience: 18 years	41	B.E. (Computers), MFM (NMIMS), CFA (USA)	President, Franklin Templeton Asset Management (India) Pvt. Ltd. (based at Mumbai) Responsible for building the AMC's business in India. Prior Assignments: <ul style="list-style-type: none"> Franklin Templeton Investment Management Ltd, Dubai (2000-2009): Head of Business with emphasis on Sales, Marketing & Business Development (2006-2009), responsible for establishing the firm's presence in over 25 countries across the Central & Eastern Europe, Middle East and Africa (CEEMEA); Director, Sales & Business Development (2004-2006); General Manager, Middle East (2000-2004), responsible for Sales, Marketing & Business Development. Templeton Asset Management (India) Pvt. Ltd., Mumbai (1997-2000), Regional Sales Manager.
Gaurab Parija Total Experience: 17 years	40	B.Sc. (Physics), PGDM (IIM-Bangalore)	National Sales Director (based at Mumbai) Responsible for Sales and distribution for Franklin Templeton's India Office. Prior assignments: <ul style="list-style-type: none"> Franklin Templeton Asset Management (India) Pvt. Ltd. (Sept.2000 till date): Head - Retail Advisor Services (2008-2009), responsible for Strategic Initiatives for 3 Retail Verticals – National, IFA and Alternate; Head – Alternate Distribution (2006-2008), responsible for setting up of new sales vertical aimed at increasing sales of Mutual Funds through Public Sector Banks and undertakings; Regional Head – North (2003-2006), responsible for sales in the region from all channels; Regional Head – East (2000-2003), responsible for sales in the region from all channels. Unit Trust of India (1995-2000): Manager – Sales Promotion & Marketing, Eastern Zonal Office (1996-2000), responsible for driving sales in the Zone; Manager, Dept. of Research & Planning (1995-1996), undertook research of Infrastructure sector.
Vivek Pai Total Experience: 17 years	41	B.Com, ACA	Director - FTS India (based at Mumbai) Having joined Templeton in 2000, his role largely involves general management of several functions

Name	Age (years)	Qualifications	Functions & Experience
			<p>within the operations department such as Fund Accounting, Custody and Cash Management for Mutual Fund and PMS activities.</p> <ul style="list-style-type: none"> • Prior to this he was the Compliance Officer and was responsible to Trustees for Compliance and Internal Audit of the Mutual Fund. (2000-2003). • He was acting as a Consultant for setting up back office operations for a new company. • Birla Sun Life Asset management Company Limited from (1996-2000) as Head of Fund Accounting. • Apollo Finvest (India) Ltd as Asst. Manager, Corporate Finance handling Lease & HP financing (1994-1996).
<p>Neerav Kaushik Total Experience: 18 years</p>	38	M.B.A	<p>Head – International TA, India (based at Hyderabad) Responsible for AMC’s Transfer Agency Operations and Customer Service functions. (2007 to date). Prior Assignments:</p> <ul style="list-style-type: none"> • Director – Service Delivery, Underwriting and Operations, MetLife India Insurance Co. Pvt. Ltd. (2004–2007), responsible for processing insurance applications, risk assessment and managing customer service. • Vice President – New Business and Policy Owner Services, Max New York Life Insurance India Ltd. (2000–2004), responsible for processing insurance applications and managing post issuance customer service. • Manager – Transaction Processing, GE Capital International Services (1999–2000), responsible for processing credit card applications and managing customer query processes. • Analyst – Risk Management at American Express TRS (1997–1999), responsible for underwriting card applications and managing risk for American Express charge cards.
<p>Shilpa Shetty Total Experience: 12 years</p>	36	B.Com., C.A.	<p>Compliance Officer (based at Mumbai) Franklin Templeton Trustee Services Private Ltd.</p> <ul style="list-style-type: none"> • Having joined Franklin Templeton in October 2004, she is currently responsible to Trustees for Compliance and Internal Audit of the Mutual Fund. She is also responsible for compliance of PMS activities and as the Principal Officer under the Prevention of Money Laundering laws. • Franklin Templeton Asset Management (India) Pvt. Ltd. Senior Manager - Fund Accounting (2006-2007), responsible for managing the activities related to fund accounting; Manager Fund Accounting (2004-2006), responsible for handling the daily activities related to NAV calculation. <p>Prior assignments:</p> <ul style="list-style-type: none"> • She was a Consultant for a Transfer Pricing related project for a Bank (2003-2004). • Alliance Capital Asset Management (P) Ltd. (1999-2003), Manager, Fund Accounting.
<p>Pravin A. Nadgouda Total Experience: 12 years</p>	37	FRM, CAIA, CFA (ICFAI), B.Sc	<p>Head- Risk Management (based at Mumbai) He is responsible for Portfolio Analytics & Valuations, Performance Attribution analysis and Performance Management (2008 till date). Prior Assignments:</p> <ul style="list-style-type: none"> • Chief Manager - Risk Management, Reliance Capital

Name	Age (years)	Qualifications	Functions & Experience
			<p>Asset Management (2005-2007). Responsible for Portfolio Analytics & Valuations, Policy formulation and Performance Management.</p> <ul style="list-style-type: none"> • Manager – Finance & Actuarial, ICICI Prudential Life Insurance (2001-2005). Responsible for Treasury Operations, Investment Accounting & Risk Management. • AVP – Operations, Kotak Mahindra Asset Management (1999-2001). Responsible for Investment Operations, Cash Management & Projects.
<p>Sheela Kartik Total Experience: 11 years</p>	50	B. Com., PGDCA	<p>Investors Relation Officer (based at Chennai) She is responsible for ensuring prompt redressal of investor grievances (2007 till date). Prior to that, she was Regional Head – Customer Service, handling front office customer service and operations across Tamil Nadu and Kerala (2006-2007), Manager – TA Operations, responsible for processing of non-commercial transactions (2002-2006). Prior assignment:</p> <ul style="list-style-type: none"> • Branch Cordinator, Pioneer ITI AMC (2000-2002). Responsible for processing of non-commercial transactions.

Franklin Equity Team:

Name	Age (years)	Qualifications	Functions & Experience
<p>K. N. Siva Subramanian Total Experience: 23 years</p>	50	BE (REC Jaipur); PGDM (IIM Calcutta)	<p>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:</p> <ul style="list-style-type: none"> • Vice President and Fund Manager – Pioneer ITI AMC Ltd. (1993 – 2002) • Industrial Finance Officer, Industrial Development Bank of India (1988 – 1993)
<p>Anand Radhakrishnan Total Experience: 17 years</p>	43	CFA, PGDM (IIM) B.Tech.	<p>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, FTCSE, FTCOPF, FTFTF Series & FTLF. Prior assignments:</p> <ul style="list-style-type: none"> • 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.
<p>Anand Vasudevan Total Experience: 19 years</p>	46	B.Tech. (IIT-Madras), P.G.D.M. (IIM-Calcutta)	<p>Senior Vice President and Portfolio Manager (based at Chennai) He is a co-fund manager for FIBCF & FIFCF. Prior assignments:</p> <ul style="list-style-type: none"> • 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

Name	Age (years)	Qualifications	Functions & Experience
			<p>European Insurance Sector.</p> <ul style="list-style-type: none"> Equity Research Analyst - Dresdner Kleinwort Wasserstein (2001-2004), covering European Insurance & Asset Management Sectors.
Chakri Lokapriya Total Experience: 15 years	45	B.A., M.B.A.	<p>Vice President and Portfolio Manager (based at Chennai)</p> <p>He is a co – fund manager of FIOF. Also responsible for undertaking equity research. Prior assignments:</p> <ul style="list-style-type: none"> 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: 11 years	34	CFA, PGDM, ACA	<p>Vice President (based at Chennai)</p> <p>She is the fund manager for FAEF & co-fund manager for FBIF. Also involved in Equity Research (since May 2005), identifying investment opportunities in capital goods, retail, textiles & transportation sector.</p> <p>Prior assignment:</p> <ul style="list-style-type: none"> 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: 14 years	40	B.E., PGDBM	<p>Vice President and Portfolio Manager (based at Chennai)</p> <p>He is a Co-fund manager of FIPP, FIPF, FISCF. Also responsible for providing equity research support (since May 2007).</p> <p><i>Prior assignments:</i></p> <ul style="list-style-type: none"> 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. 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: 22 years	50	CA	<p>Assistant Vice President and Portfolio Manager (based at Chennai)</p> <p>He manages FFF, FIIF & FITF. He is also a co – fund manager of FIOF, FIT and Equity portfolios of FTIMIP, FTIBF, TIPP, TICAP, FTCSE, FTCPOF & FTFTF Series. He also provides Research support on Oil & Gas, Petrochemicals, Engineering, Power and Hotel sectors. Prior assignments:</p> <ul style="list-style-type: none"> Asst. Vice President – Investments – Pioneer ITI AMC Ltd. (Since 1993) Petrosil Oil Co. Ltd. L. U. Krishnan & Co.

Name	Age (years)	Qualifications	Functions & Experience
Murali Krishna Yerram Total experience: 11 years	35	B.Tech., M.B.A.	Assistant Vice President and Portfolio Manager (based at Chennai) He is dedicated Fund Manager for investment in Foreign Securities for Franklin Equity Team. Also responsible for undertaking equity research. <i>Prior assignments:</i> <ul style="list-style-type: none"> • 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

Templeton Equity Team:

Name	Age (years)	Qualifications	Functions & Experience
Chetan Sehgal Total Experience: 18 years	43	B.E. (Mech), PGDBA (IIM-Bangalore), CFA	Chief Investment Officer / India - Templeton Emerging Markets and is part of the team managing TIGF & TIEIF (based at Mumbai) <ul style="list-style-type: none"> • 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: 8 Years	31	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. <i>Prior assignment:</i> <ul style="list-style-type: none"> • 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
<p>Santosh Kamath Total Experience: 17 years</p>	43	<p>B. E. (Electronics & Telecommunication); P.G.D.B.M.</p>	<p>Chief Investment Officer – Fixed Income (based at Mumbai). He is responsible for overseeing Fixed Income Fund Management. <i>Prior assignments:</i></p> <ul style="list-style-type: none"> • ING Investment Management (India) Pvt. Ltd. CIO – Fixed Income (2003-2006). He was responsible for overseeing Fixed Income Fund Management and managing specific funds. • Zurich Asset Management Company (India) Pvt. Ltd. – Fund Manager (2000-2003). Was responsible for overseeing Fixed Income Fund Management and managing specific funds. • CRISIL Ltd. - Head – Capital Market Research (1997-2000). Was responsible for developing specific tools for financial markets & Financial Research • Jardine Fleming India Asset Management Ltd. – Fund Manager (1995-1997). Was responsible for managing specific funds and research. • SBI Funds Management Pvt. Ltd. – Fund Manager (1993-1995). Was responsible for managing specific funds and research.
<p>Sachin Padwal-Desai Total Experience: 14 years</p>	39	<p>B.E., PGDM (IIM-Banglore)</p>	<p>Vice President - Fixed Income (based at Mumbai). Schemes managed: He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF, TICBOF, TITMA, TFIF & TIUBF and Debt portions of FTIMIP, FTIBF, TIPP, TICAP & FTLF. <i>Prior assignments:</i></p> <ul style="list-style-type: none"> • 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.
<p>Umesh Sharma Total Experience: 12 years</p>	35	<p>B.Com., C.A., C.S., C.F.A.</p>	<p>Vice President - Fixed Income (based at Mumbai). Schemes managed: He is the co-fund manager of TGSF, TILDF, TIIBA, TIIF, TISTIP, TIIOF TICBOF & TICMA and Debt portions of FTIMIP, FTIBF, TIPP, TICAP, FTCSF, FTCOPF & FTFTF Series. <i>Prior assignments:</i></p> <ul style="list-style-type: none"> • 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.
<p>Pallab Roy Total Experience: 11 Years</p>	37	<p>MBA (Fin.), M.Com., DBF</p>	<p>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.</p>

			<p><i>Prior assignments:</i></p> <ul style="list-style-type: none"> Franklin Templeton Asset Management (India) Pvt. Ltd. (June 2001 – till date). Responsible for Liquidity Management & Portfolio MIS – Fixed Income funds.
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Total number of persons involved in equity research: 14

PROCEDURE FOR INVESTING

Franklin Equity funds:

The Schemes' investment management process in terms of defining of factors such as stock universe, benchmark indices, scrip exposure, risk management practices etc. are explained in the investment process note. The Portfolio Manager is the primary decision maker with respect to selection of securities in a portfolio, timing of investment and disinvestments, weightage of individual securities/sectors in the portfolio and asset allocation, within the parameters laid out under the overall supervision of the Chief Investment Officer. Research reports, internal and/or external form the basis for first time investment decision. The objective of the portfolio construction process will be to build a portfolio of fundamentally sound stocks in order to achieve the fund's stated objective. Liquidity risk is constantly monitored, keeping in mind the nature of the fund, fund objectives and the available investment opportunities. The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time. Subsequently, the rationale for each buy/sell decision is recorded.

The Investment committee which is an informal group comprising of International CIO, CIO, Head – Risk Management and Portfolio Managers interacts regularly for a review of performance, portfolio holdings and risk reports. The performance measures include portfolio turnover, performance vis-à-vis benchmark, peer group comparisons, portfolio diversification and volatility of the schemes. The holdings, asset allocation, and performance of the schemes are presented to the boards of AMC/Trustee at frequent intervals.

Procedure of Investing for Foreign Securities:

In respect of foreign securities including overseas listed securities of Indian companies, the dedicated fund manager for foreign securities who is assisting the Principal Fund Manager of the respective scheme would carry out the research on foreign securities. The research process followed by the dedicated fund manager would adhere to the parameters and considerations as detailed in the section "Procedure for Investing" in the Offer Document of the respective schemes. The dedicated fund manager would send an approved list of international securities/stocks to the Principal Fund Manager periodically having following details: Name of the Company, Sector, Place of Issue, Type of security, Stock Exchange where listed, Premium / Discount of the foreign security v/s price at primary exchange (if applicable), Maximum weightage, price range. The trades for the foreign securities would be placed by the Principal Fund Manager or the dedicated fund manager for foreign securities 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).

Templeton Equity funds:

The Templeton Equity schemes follow a disciplined investment process to achieve their respective investment objectives. The investment process of the Templeton Emerging Markets Group in general includes both analytical and descriptive processes. Typically these processes include analysis of financials and valuations and qualitative understanding of the businesses. These are in general carried out by the group internally and/or by utilising the extensive resources available to Franklin Templeton.

The Schemes have an analytical and descriptive documentation procedure outlined in the process note. The gist of the documentation comprises a financial model which would typically include financial analysis, ratio analysis, valuation summary, a call report with management or recommendation sheet based on company's background, operations, investment positives & negatives etc. The stock selection would generally be based on constructing a diversified portfolio in line with the investment objectives of the scheme. In general, the methodology adopted by the schemes is based on the bottom up value investing approach and the fund would generally remain invested in liquid stocks. The stocks in the portfolio are reviewed on an on-going basis through quarterly results, company announcements and broker research reports and interaction.

Dr. J Mark Mobius, a director of the AMC, based at Singapore, is the Principal Portfolio Manager of the Funds' equity investments, along with a team of Portfolio Managers / Investment Analysts, Mr. Chetan Sehgal, Mr. Rajesh Sehgal and Mr. Vikas Chiranewal, based in Mumbai. The investment decisions are taken under the supervision of the Principal Portfolio Manager. The investment team also has access to the vast resources and support of the Templeton Emerging Markets Group based on which investment decisions are taken. Further the trades would be executed by Global Equity Trading Team network, which also includes equity trading function based in Chennai.

The ongoing review of the fund is supported by internal meetings with the CEO and the same alongwith a periodical analysis is also reviewed by the Board of Directors of the AMC and the Board of Trustees on a regular basis at the Board Meetings.

Debt / Fixed Income funds:

The main aim of the investment process is to meet Fund specific investment objectives and to develop a well-diversified, high credit portfolio by managing credit risk and minimising liquidity risk to optimize risk adjusted return. The Investment committee which is an informal group comprising of International CIO, CIO, Head – Risk Management and Portfolio Managers interacts regularly for a review of performance and risk reports. The performance review includes portfolio holding, peer group review, policy deviation, performance vis-à-vis peers and benchmark indices etc. The Investment team comprising of CIO and Portfolio Managers interacts on a daily basis to discuss market movement and analyse events and news. Trading strategy and asset allocations are firmed in the daily interactions. Daily interactions are informal in nature. There is a periodic call with the international CIO for market update and interaction for global information. The CIO makes presentations to the Board of the AMC and the Trustees periodically, indicating the performance of the scheme(s). The Investment process is intensely research oriented. It comprises of qualitative as well as quantitative measures. It is approved by the Boards of the AMC and the Trustee Company and forms the basis for approach to the Investment management process.

E. SERVICE PROVIDERS

CUSTODIAN

Citibank N.A.

Plot C/61, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051
SEBI Registration Certificate No. IN/CUS/004 dated April 7, 1998.

Deutsche Bank A.G.

Kodak House, 222 D. N. Road, Fort, Mumbai 400001
SEBI Registration Certificate No. IN/CUS/003 dated March 20, 1998

The Custodian will keep in safe custody all the securities and other such instruments belonging to the Fund, ensure smooth inflow-outflow of securities and such other instruments as and when necessary in the best interest of the investors, and ensure that the benefits due to the holdings are recovered. The Custodian will charge the Fund a fee as per the custodial service agreement. The Trustee has the right to change the Custodian, if it deems.

REGISTRARS AND TRANSFER AGENT

Listed Funds:

Karvy Computershare Private Limited

Karvy Plaza, H. No.8-2-596, Street No.1, Banjara Hills, Hyderabad 500034

The Trustee and the Investment Manager have satisfied themselves that Karvy can provide the services required and have adequate facilities, including system capabilities and back up, to discharge its various obligations as Registrar & Transfer Agent as provided in the regulations and has sufficient capacity to handle investor complaints. The Investment Manager has also satisfied itself that Karvy has been duly registered with SEBI to carry out such activities vide Registration No. INR000000221 and the registration is valid till date.

Other Funds:

Registrar and Transfer Agency function will be processed in-house and at competitive rates. The fees will be charged to the scheme as a part of annual ongoing expenses and shall confirm to sub-clause 15 of Regulation 25 of SEBI (Mutual Funds) Regulations, 1996.

FUND ACCOUNTANT

Fund accounting function will be carried out in-house.

STATUTORY AUDITOR

S.R. Batliboi & Co. 6th Floor, Express Towers, Nariman Point, Mumbai 400 021, is the Auditor for the schemes of the Mutual Fund.

The Trustee shall appoint auditors for each scheme of the Mutual Fund. Further, the Trustee has the right to change the Auditors.

LEGAL COUNSEL

J. Sagar Associates

Vakils House, 18 Sprott Road, Ballard Estate, Mumbai 400001

COLLECTING BANKERS

Currently, the Mutual Fund / AMC has not appointed any collecting bankers for accepting application forms for the schemes. The application forms will be accepted at any of the Franklin Templeton Branch offices ("Investor Service Centres" / "ISC") or the designated branch offices of Karvy Computershare Pvt. Ltd. (Karvy) and Computer Age Management Services Pvt. Ltd. (CAMS) ("Collection Centres") as given at the end of the SAI.

However, the Mutual Fund / AMC may, at its discretion, appoint from time to time one or more banks as collecting bankers for accepting application forms for the scheme(s). The Mutual Fund / AMC shall ensure that the banks so appointed have been duly approved / registered to undertake such activity.

F. CONDENSED FINANCIAL INFORMATION

Historical Per Unit Statistics

Scheme Name	TIIOF			FBIF		
Date of launch	11.12.2009			4.9.2009		
Information as at the end of	March 2010	March 2011	March 2012	March 2010	March 2011	March 2012
NAV at the beginning of the year	10.00 a (GP) 10.00 a (DP)	10.3196 (GP/DP)	10.9683 (GP) 10.4129 (DP)	10.00 a (GP) 10.00 a (DP)	11.7383 (GP/DP)	11.8656 (GP) 11.3343 (DP)
Dividends (Rs.) / Bonus	Nil	0.4791 (I) 0.4465 (O)	0.8589 (I) 0.7362 (O)	Nil	0.6000	Nil
NAV at the end of the year (Rs.)	10.3196 (GP/DP)	10.9683 (GP) 10.4129 (DP)	11.9809 (GP) 10.5922 (DP)	11.7383 (GP/DP)	11.8656 (GP) 11.3343 (DP)	11.5121 (GP) 10.9969 (DP)
Annualised compounded return%@	3.20% *	7.36%	8.17%	17.38% *	11.51%	5.63%
Current Value of investment of Rs.10,000 since inception	10,320	10,968	11,981	11,738	11,866	11,512
Benchmark Index	Crisil Short-Term Bond Fund Index	Crisil Short-Term Bond Fund Index	Crisil Short-Term Bond Fund Index	S&P CNX 500	S&P CNX 500	S&P CNX 500
Benchmark Annualised compounded return%@	1.45% *	5.07%	6.45%	12.39% *	12.64%	3.78%
Current Value of investment of Rs.10,000 since inception	10,145	10,665	11,548	11,239	12,055	11,001
Additional Benchmark Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	S&P CNX Nifty Index	S&P CNX Nifty Index	S&P CNX Nifty Index

Scheme Name	TIIOF			FBIF		
	Additional Benchmark Annualised compounded return% @	0.38% *	3.83%	3.22%	12.15%*	15.06%
Current Value of investment of Rs.10,000 since inception	10,038	10,501	10,757	11,215	12,464	11,314
Net Assets (End of period) (Rs. in crores)	1719.96	4180.76	2804.54	166.06	89.26	67.84
Ratio of Recurring Expenses to Net Assets	1.51%	1.52%	1.50%	2.36%	2.42%	1.51%

Scheme Name	FTFTF XII – Plan A/B			FTFTF XIII – Plan A			FTFTF XII – Plan C	
	Date of launch	15.10.2009 (Plan A) 16.11.2009 (Plan B)			4.2.2010			23.4.2010
Information as at the end of	March 2010	March 2011	March 2012	March 2010	March 2011	March 2012	March 2011	March 2012
NAV at the beginning of the year	10.00 a (GP/DP – Plan A) 10.00 a (GP/DP – Plan B)	10.3893 (GP/DP – Plan A) 10.2093 (GP/DP – Plan B)	10.7573 (GP – A) 10.5571 (DP – A) 10.5978 (GP – B) 10.3970 (DP – B)	10.00 a (GP) 10.00 a (DP)	10.0794	10.4584 (GP) 10.2552 (DP)	10.00 a (GP) 10.00 a (DP)	10.3939 (GP/DP)
Dividends (Rs.) / Bonus	Nil	0.1757 (I) 0.1637 (O) (A) 0.1757 (I) 0.1637 (O) (B)	0.3083 (I) 0.2643 (O) (A) 0.2643 (I) 0.2265 (O) (B)	Nil	0.0176 (I) 0.0164 (O)	0.4405 (I) 0.3775 (O)	Nil	0.0881 (I) 0.0822 (O)
NAV at the end of the year (Rs.)	10.3893 (GP/DP – A) 10.2093 (GP/DP – B)	10.7573 (GP – A) 10.5571 (DP – A) 10.5978 (GP – B) 10.3970 (DP – B)	11.3045 (GP – A) 10.7320 (DP – A) 11.1610 (GP – B) 10.6391 (DP – B)	10.0794	10.4584 (GP) 10.2552 (DP)	11.0077 (GP) 10.2898 (DP)	10.3939 (GP/DP)	10.8259 (GP) 10.7221 (DP)
Annualised compounded return% @	3.89% * (Plan A) 2.09%* (Plan B)	5.14% (Plan A) 4.33% (Plan B)	5.12% (Plan A) 4.74% (Plan B)	0.79% *	3.97%	4.57%	3.94% *	4.18%
Current Value of investment of Rs.10,000 since inception	10,389 (A) 10,209 (B)	10,757 (A) 10,598 (B)	11,305 (A) 11,161 (B)	10,079	10,458	11,008	10,394	10,826
Benchmark Index	A/B : 20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	A/B : 20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	A/B : 20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	25% S&P CNX 500 + 65% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	25% S&P CNX 500 + 65% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index
Benchmark Annualised compounded return% @	3.14% * (A) 2.17% * (B)	6.23% (A) 5.91% (B)	5.58% (Plan A) 5.37% (Plan B)	1.48% *	6.45%	5.60%	5.26% *	4.70%
Current Value	10,314 (A)	10,921 (A)	11,427 (A)	10,148	10,745	11,243	10,526	10,930

Scheme Name	FTTFX XII – Plan A/B			FTTFX XIII – Plan A			FTTFX XII – Plan C	
of investment of Rs.10,000 since inception	10,217 (B)	10,818 (B)	11,319 (B)					
Additional Benchmark Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index
Additional Benchmark Annualised compounded return% @	3.26%* (A) 1.98%* (B)	5.44% (A) 4.84% (B)	4.20% (A) 3.82% (B)	0.12% *	4.10%	3.32%	5.60% *	4.14%
Current Value of investment of Rs.10,000 since inception	10,326 (A) 10,198 (B)	10,802 (A) 10,669 (B)	11,065 (A) 10,929 (B)	10,012	10,474	10,729	10,560	10,817
Net Assets (End of period) (Rs. in crores)	332.91 (A) 301.73 (B)	342.26 (A) 310.86 (B)	355.26 (A) 323.75 (B)	306.54	315.88	327.02	275.94	286.26
Ratio of Recurring Expenses to Net Assets	2.08% (A) 2.08% (B)	2.05% (A) 2.07% (B)	2.07% (A) 2.08% (B)	2.08%	2.06%	2.08%	2.08%	2.09%

Scheme Name	FTTFX XIV – Plan A/B		FTTFX XV		TILDF – Growth Plan	
Date of launch	21.7.2010 (Plan A) 6.10.2010 (Plan B)		7.2.2011		26.7.2010	
Information as at the end of	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012
NAV at the beginning of the year	10.00 a (GP/DP – Plan A) 10.00 a (GP/DP – Plan B)	10.1258 (GP/DP – Plan A) 10.0859 (GP/DP – Plan B)	10.00 a	10.2151 (GP/DP)	10.00 a	10.4906
Dividends (Rs.) / Bonus	Nil	0.3964 (I) 0.3398 (O) (A) 0.3524 (I) 0.3020 (O) (B)	Nil	0.3964 (I) 0.3398 (O)	N.A	N.A
NAV at the end of the year (Rs.)	10.1258 (GP/DP – Plan A) 10.0859 (GP/DP – Plan B)	10.6437 (GP – Plan A) 10.1907 (DP – Plan A) 10.5957 (GP – Plan B) 10.1937 (DP – Plan B)	10.2151 (GP/DP)	10.7352 (GP) 10.2824 (DP)	10.4906	11.5580
Annualised compounded return% @	1.26%* (Plan A) 0.86%* (Plan B)	3.75% (Plan A) 3.98% (Plan B)	2.15%* (GP/DP)	6.41%	4.91%*	9.00%
Current Value of investment of Rs.10,000 since inception	10,126 (Plan A) 10,086 (Plan B)	10,644 (Plan A) 10,596 (Plan B)	10,215	10,735	10,491	11,558
Benchmark Index	A/B : 20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	A/B : 20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	20% S&P CNX 500 + 70% Crisil Composite Bond Fund Index + 10% Crisil Liquid Fund Index	Crisil Short-Term Bond Fund Index	Crisil Short-Term Bond Fund Index
Benchmark Annualised compounded	3.53%* (Plan A) 0.28%* (Plan B)	4.84% (Plan A) 3.29% (Plan B)	2.54%*	6.35%	4.36%*	7.55%

Scheme Name	FTFTF XIV – Plan A/B		FTFTF XV		TILDF – Growth Plan	
return%@	B)					
Current Value of investment of Rs.10,000 since inception	10,353 (Plan A) 10,028 (Plan B)	10,833 (Plan A) 10,492 (Plan B)	10,254	10,729	10,436	11,301
Additional Benchmark Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Crisil 1 year T-bill index	Crisil 1 year T-bill index
Additional Benchmark Annualised compounded return%@	3.51% * (Plan A) 3.48% * (Plan B)	3.52% (Plan A) 4.01% (Plan B)	2.62%	4.46%	2.98%	5.71%
Current Value of investment of Rs.10,000 since inception	10,351 (Plan A) 10,348 (Plan B)	10,603 (Plan A) 10,600 (Plan B)	10,262	10,512	10,298	10,977
Net Assets (End of period) (Rs. in crores)	67.00 (Plan A) 105.53 (Plan B)	69.39 (Plan A) 109.55 (Plan B)	87.65	90.96	23.41	467.22
Ratio of Recurring Expenses to Net Assets	2.15% (Plan A) 1.96% (Plan B)	2.25% (Plan A) 1.37% (Plan B)	2.17%	1.39%	0.87%	0.65%

Scheme Name	TICBOF	FTFTF – XVI	FTIF-FUSOF
Date of launch	07.12.2011	07.2.2012	13.2.2012
Information as at the end of	March 2012	March 2012	March 2012
NAV at the beginning of the year	10.00 a (GP) 10.00 a (DP)	10.00 a (GP) 10.00 a (DP)	10.00 a (GP) 10.00 a (DP)
Dividends (Rs.) / Bonus	0.1321 (I) 0.1133 (O)	Nil	Nil
NAV at the end of the year (Rs.)	10.4187 (GP/DP)	10.0978 (GP/DP)	11.1049 (GP/DP)
Annualised compounded return%@	4.19% *	0.98% *	11.05% *
Current Value of investment of Rs.10,000 since inception	10,419	10,098	11,105
Benchmark Index	Crisil Short-Term Bond Fund Index	20% S&P CNX 500 + 80% Crisil Short-Term Bond Fund Index	Russell 3000 Growth
Benchmark Annualised compounded return%@	2.61% *	0.95% *	7.98% *
Current Value of investment of Rs.10,000 since inception	10,261	10,095	10,798
Additional Benchmark Index	Crisil 10-year Gilt Index	Crisil 10-year Gilt Index	Not Applicable
Additional Benchmark Annualised compounded return%@	2.82% *	-1.21%*	Not Applicable
Current Value of investment of Rs.10,000 since inception	10,282	9879	Not Applicable
Net Assets (End of period) (Rs. in crores)	718.93	69.01	142.20
Ratio of Recurring Expenses to Net Assets	1.50%	2.25%	1.53%

Returns given are for Growth plan/option. Returns for schemes/plans with dividend distribution are computed assuming re-investing of all payouts at ex-dividend NAV.

@ - Returns for periods greater than one year are on compounded annualised basis but in case of liquid schemes

less than one year period is annualised; a - Inception/Allotment date NAV; * - absolute returns; I – Individuals & HUF; O – Other than Individuals & HUF.

The above information is presented scheme wise for all schemes launched by the mutual fund during the last three fiscal years (excluding redeemed schemes).

03. HOW TO APPLY

From Whom

The scheme units are being offered for subscription through AMFI/NISM registered/certified distributors and can also be purchased directly from the Mutual Fund through various Branch Offices of Franklin Templeton Mutual Fund.

Availability of Forms

Application Forms along with the Key Information Memorandum (KIM) and copies of this SAI and respective Scheme Information Documents (SID) are available from any of the Franklin Templeton Investor Service Centres, in addition to the Head Office of the Mutual Fund. Application Forms are also available with the approved intermediaries / distributors of the Mutual Fund as well as on the website of the Mutual Fund www.franklintempletonindia.com.

Procedure for Purchase of Units

Investors can purchase units of the schemes by completing an application form and delivering it at any of the Investor Service Centres / Collection Centres.

As per the SEBI guidelines, in respect of New Fund offers (NFO) launched on or after July 01, 2010, investors will also have an option to make an application / payment under the Applications Supported by Blocked Amount (ASBA) facility. This facility is available to all investors eligible to invest in the schemes of the Mutual Fund. The applications under ASBA facility will be subject to the directives issued by SEBI from time to time.

Any changes/alterations in the Application Form must be countersigned by the investor(s). The Mutual Fund/AMC will not be bound to take cognisance of any changes/alterations if the same are not so countersigned.

The investors should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of Income Tax Act, Anti Money Laundering Act, Anti Corruption Act and or any other applicable laws enacted by the Government of India from time to time.

Investments in the name of a minor acting through guardian

In case of investments held in the name of a minor, no joint holders will be registered. The minor, acting through the guardian, should be the first and sole holder in the Folio/Account. The guardian should be either the parent (i.e. father or mother) or the court appointed legal guardian. The guardian of the minor may need to submit such declarations and/or other documents/information as a proof of guardianship, as may be prescribed by the AMC from time to time.

Upon attainment of majority by the minor, the account should be regularised forthwith. The AMC may specify such procedures for regularisation of the Folio, as may be deemed appropriate from time to time. Post attainment of majority by the minor, the Mutual Fund/AMC will not be obliged to accept any instruction or transaction application made under the signature of the guardian. In case of an application for registration of a systematic transaction facility (Systematic Investment Plan / Systematic Transfer Plan / Systematic Withdrawal Plan or Dividend Transfer Plan), if the end date of the facility extends beyond the date of attainment of majority by the minor, such facility will be registered only up to the date of attaining majority.

Payment Details

Purchases in the schemes should be for the minimum amount specified for the respective scheme.

Payments will be accepted only by cheques or bank drafts. All cheques / bank drafts should be drawn in favour of **the respective Scheme Name** and crossed "**A/c Payee only**". All cheques / bank drafts should be drawn on any bank and made payable at the location where the application form is submitted to the Franklin Templeton Investor Service Centre / collection Centre.

Applicants from places where there is no Investor Service Centre / Collection Centre can deduct bank charges for issuance of draft (DD charges) from the application amount provided these drafts are payable at the Investor Service Centre / Collection Centre where the application form is submitted. However, the DD charges shall be limited to the bank charges stipulated by the State Bank of India. The AMC will not accept any request for refund of DD charges.

No outstation cheques or post-dated cheques will be accepted. The ISC / Collection Centre will NOT accept cash.

Returned cheques are liable not to be presented again for collection, and the accompanying Application Forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.

Non acceptance of Third Party payment

The AMC shall not accept subscriptions with Third Party payment instruments in the schemes of Franklin Templeton Mutual Fund, except in following cases:

- (a) In case of investment in the name of a minor, payment by Parents / Grand-Parents / related persons (other than the person registered as Guardian in the minor's Folio) 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) In case of investment in the name of a minor, payment by the person registered as Guardian in the minor's Folio irrespective the amount of investment;
- (c) Payment by Employer on behalf of employee for lump sum/one-time subscription or under SIP through Payroll deductions;
- (d) Payment by Employer towards subscription in the name of employees as bonus/incentive paid in form of mutual fund units;
- (e) Custodian on behalf of an FII or a client; and
- (f) Investment in Templeton India Children's Asset Plan – Gift Plan by eligible investors to assist the beneficiary child, provided the payment is made from the investor's account.

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.

Mandatory Information

Bank Mandate:

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.

In an endeavour to protect the investors from possible fraudulent activities, the AMC may require the investors to submit such documents as may be deemed necessary or appropriate from time to time, for verification and validation of the bank account details furnished by the investors. The AMC reserves the right to deny the request for registration of a bank account for the investor's Folio in case the investor fails to submit the necessary document to the satisfaction of the AMC.

Submission of PAN:

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.**

KYC Documents:

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.**

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

Payment of Redemption Proceeds and dividend

Redemption proceeds and dividend will be paid by cheque / demand draft and payments will be made in favour of the Unitholder's registered name and bank account number. The payment instrument will be sent to the Unitholder's address registered with the Mutual Fund or the redemption proceeds may be credited to the bank account of the investor if the investor so instructs, subject to the AMC having necessary arrangements with the bank.

All payments will be made, in favour of the registered holder of the units or, if there is more than one registered holder, in favour of the first-named registered holder as determined by reference to the original application for Units.

To safeguard the interests of the unitholders from loss or theft of their redemption cheques, the details of their bank account will be printed on the redemption cheques (wherever available). Investors are required to provide the name of their bank, branch address and account type & number in the Application.

Payment instruments will be sent to the investor with reference to the data submitted in the application for Units at the investor's risk. Dispatch of payment instrument shall be made by ordinary mail or registered mail or courier, as may be deemed appropriate by the AMC unless otherwise required under any applicable regulations, at the risk of the investor. Such payments will constitute adequate discharge of the obligation of the Fund, Trustee and the AMC. The Fund, Trustee or the AMC will not be responsible for any delay/non-receipt of redemption proceeds where it is attributable to any incorrect/incomplete information provided by the investor. The Fund/ Trustee/ AMC will also not be liable for any loss on account of fraudulent encashment of the redemption cheque.

Payment through electronic modes

The redemption proceeds or dividend may also be paid through various modes of electronic payments such as Electronic Clearing System (ECS) / Real Time Gross Settlement (RTGS) / National Electronic

Fund Transfer (NEFT) / Direct Credit (DC), which offers various benefits such as reduction in transit delays, loss of payment instrument in transit, protection against fraudulent encashment etc.

Where the requisite information pertaining to the unitholder's bank account is available with FTMF, the Mutual Fund / AMC may, at its discretion, endeavour to credit the redemption processed / dividend directly to the Unitholder's bank account instead of issuing a payment instrument.

The investors are requested to provide their bank's Indian Financial System code (IFSC) for Real Time Gross Settlement (RTGS) or National Electronic Fund Transfer (NEFT) and / or Magnetic Ink Character Recognition (MICR) code for Electronic Clearing System (ECS). Investors are requested to note that RTGS and NEFT codes may be different for the same bank / branch. Please contact your bank for the details of the same. The Fund, Trustee or the AMC will not be responsible for any delay / non-receipt of electronic payment where it is attributable to any incorrect/incomplete information provided by the investor.

RTGS / NEFT / ECS are facilities offered by Reserve Bank of India (RBI), for facilitating better customer service by direct credit of dividend/redemption to an investor's bank account through electronic credit. This helps in avoiding loss of dividend/redemption warrant in transit or fraudulent encashment. It may be noted that there is no commitment from the Mutual Fund that this facility will be made available to the Unit holders for payment of dividend/redemption proceeds. While the Mutual Fund will endeavour in arranging the facility it will be dependent on various factors including sufficient demand for the facility from Unit holders at any centre, as required by the authorities. Payments made through ECS / RTGS / NEFT / DC are subject to applicable rules and policies of RBI and the working of banking system.

Any charges levied by the investor's bank for receiving payment through ECS / RTGS / NEFT / DC will be borne by the investor. The Mutual Fund / AMC will not accept any request for refund of such bank charges.

In cases where such a facility is not available or if the facility is discontinued by the Scheme for any reason or if the Mutual Fund/AMC is not able to credit the funds to the Unitholder's bank account for any reason, the AMC shall despatch to the unitholders a payment instrument. The Mutual Fund / AMC, however, reserve the right to issue a payment instrument despite of an investor opting for Electronic Payout.

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 of Rs.1 crore in a single day. 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 Board of Directors of AMC and 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 Board of Directors of AMC and 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.

Unambiguous and Unconditional Requests

Any application for redemption, purchase or exchange or any other instruction must be correct, complete, clear and unambiguous in all respects and should conform to the prescribed procedure/documentation requirements, failing which the Trustee/AMC reserve the right to reject the same and in such a case the Trustee/AMC will not be responsible for any consequence therefrom. The Investor shall ensure that any overwriting or correction shall be countersigned by the investor, failing which the Fund/Trustee/AMC may at its sole discretion reject such transaction request. Further, any requests for purchase / redemption / switch or other transactions must be unconditional. The Fund/Trustee/AMC shall not be bound to take cognizance of any conditions placed on the transaction request and may at its sole discretion, reject such transaction request, or process the same as if the condition were not mentioned.

Applications that are incomplete or inaccurate or ambiguous or conditional are termed as 'Not in Good Order' (NIGO). NIGO applications are processed or rejected in accordance with the guidelines as mentioned on our website www.franklintempletonindia.com as amended from time to time. All applications are accepted "Subject to Verification". Applications can be therefore rejected at the counter itself, or subsequently at the time of a good order review either at the branch or at the back office.

Joint Applicants

In the event an Account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statements, all notices and correspondence with respect to the Folio / Account, as well as the proceeds of any Redemption requests or dividends or other distributions. The Fund shall have no liability in this regard to any account holder other than the first named holder of Units. In addition, such first-named Unitholders shall have the voting rights, as permitted, associated with such Units, as per the applicable guidelines.

Applicants can specify the '**mode of holding**' in the application form as '**Joint**' or '**Any one or Survivor**'. In the case of holding specified as '**Joint**', redemptions would have to be signed by **all joint holders** in the same order as registered with the Mutual Fund. However, in cases of holding specified as '**Anyone or Survivor**', any one of the Unitholder will have the power to make redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid only to the first-named holder.

In case of death / insolvency of any one or more of the Joint holders of the Units as named in the Register of Unitholders, the AMC shall not be bound to recognise any person(s) other than the remaining holders.

For Units held in Electronic (Demat) Mode

For DP account held in joint names, the rules of the Depository for operation of such DP accounts will be applicable.

Investments by Companies/Corporate Bodies etc.

In case of application by a limited company or a body corporate or an eligible institution or a registered society or a trust or a partnership firm under a Power of Attorney or otherwise, the original Power of Attorney duly notarised or a certified true copy thereof or the relevant resolution or authority to make the application / redemption as the case may be, or certified true copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye laws and/or trust deed and/or partnership deed

(as the case may be) and Certificate of Registration / Incorporation should be submitted. The officials should sign the application under their official designation. In case of a Trust, it shall submit a certified true copy of the resolution from the Trustee(s) authorising such purchases / redemption.

Investments under Power of Attorney (PoA)

In case of an application under a Power of Attorney, the relevant original Power of Attorney duly notarised or duly certified true copy thereof should be submitted. The signatures of the investor and the POA holder must be clearly available in the POA document for the POA to be accepted as a valid document. Franklin Templeton reserves the right to reject any POA and / or subsequent transaction if the signatures as above are not available in the document.

INVESTMENTS BY NRI's, PIO's, FII's

The schemes of Franklin Templeton Mutual fund are not registered in the United States of America under the Investment Company Act of 1940. The units of the Schemes have not been registered in the United States of America under the Securities Act of 1933. The units made available under this SAI or the respective Scheme Information Document (SID) may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals or residents thereof, unless pursuant to an exemption from registration requirements available under the U.S. law, any applicable statute, rule or interpretation. Applicants for units may be required to declare that they are not a U.S. Person and are not applying for Units on behalf of any U.S. Person. Hence, the units of the schemes can be purchased by persons other than "U. S. Person".

The term "U.S. Person" shall mean any person that is a "United States Person" within the meaning of Regulation 'S' under the United States Securities Act of 1933, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The following summary outlines the various provisions related to investments by Non-Resident Indians ('NRIs'), Persons of Indian Origin ('PIOs') and Foreign Institutional Investors ('FIIs') in the schemes of the Mutual Fund and is based on the relevant provisions of the Income Tax Act, 1961 ('the Act'), regulations issued under the Foreign Exchange Management Act, 1999 and the Wealth Tax Act, 1957 (collectively called 'the relevant provisions'), as they stand on the date of this SAI.

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION ONLY. HOWEVER, IN VIEW OF THE INDIVIDUAL NATURE OF THE IMPLICATIONS, EACH INVESTOR IS ADVISED TO CONSULT WITH HIS OR HER OWN ADVISORS/AUTHORISED DEALERS WITH RESPECT TO THE SPECIFIC TAX AND OTHER IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEMES.

NRI's, PIO's and FII's can invest in Franklin Templeton schemes on repatriable or non-repatriable basis as per the provisions of Schedule 5 of the Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000 ('the Regulations') as explained below.

Investments by NRIs and PIOs on Repatriable basis

In case of NRI's / PIO's seeking to apply for purchase of units on a repatriable basis, payments may be made by way of wire transfer/ inward remittances to Franklin Templeton Mutual Fund's account with Citibank, Fort, Mumbai, or by way of cheque drawn on the NRE Account of the investor or a Indian Rupee draft purchased abroad, payable at the location where the application form is submitted to any Franklin Templeton ISC / Collection Centre. Please provide a photocopy of the cheque along with the application form if investment is made through a NRE account.

Investments by NRI's and PIO's on Non - Repatriable basis

In case of NRI's / PIO's seeking to apply for units on a non-repatriable basis, payments may be made by way of wire transfer/ inward remittances to Franklin Templeton Mutual Fund's account with Citibank, Fort, Mumbai, or by way of cheques drawn on the NRE//NRO account of the investor or Indian Rupee draft purchased abroad, payable at the location where the application form is submitted to any Franklin Templeton ISC / Collection Centre. Please provide a photocopy of the cheque along with the application form if investment is made through a NRE / NRO account.

Investments by FII's

FII's may pay for their subscription amounts by way of wire transfer / inward remittances to Franklin Templeton Mutual Fund's account with Citibank, Fort, Mumbai, or out of funds held in special Non-resident Rupee Account maintained in a designated branch of an authorised dealer by way of cheques drawn on such account and made payable at the location where the application is submitted to any Franklin Templeton ISC / Collection Centre, or by way of Indian Rupee draft purchased abroad payable at the location where the application is submitted to any Franklin Templeton ISC / Collection Centre.

The NRI's / PIO's / FII's shall also be required to furnish such other documents as may be desired by the Mutual Fund in connection with their investment in the schemes.

Redemptions & Income Distribution

Redemption / maturity proceeds and / or dividend or income earned (if any) will be payable in Indian Rupees only. The Scheme will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US Dollar or any other currency.

Investments made on Repatriable basis

The investments shall carry the right of repatriation of capital invested and capital appreciation so long as the investor continues to be a resident outside India. In the case of a FII, the designated branch of the authorised dealer may allow remittance of net redemption / maturity proceeds of units (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FII maintained in accordance with the approval granted to it by the RBI. In any other case, where the investment is made out of inward remittance or from funds held in NRE account of the investor, the maturity proceeds / repurchase price of units (after payment of taxes) may be credited to NRE / NRO account of the non-resident investor maintained with an authorised dealer in India.

Investments made on Non-Repatriable basis

Where the purchase of units is made on a non-repatriable basis, the net redemption / maturity proceeds of units (after payment of taxes) will not qualify for repatriation out of India and the same may be credited to the NRO account of the non-resident investor.

Similarly, investments in units purchased in Rupees while the investor was resident of India and becomes non-resident subsequently will not qualify for repatriation of repurchase proceeds of units.

The entire income distribution on investment will however qualify for full repatriation. Investors are advised to contact their authorised dealers / tax consultants if they desire remittance of the income distribution on units abroad.

04 RIGHTS OF UNITHOLDERS

- 1) Unitholders under the scheme have a proportionate right in the beneficial ownership of the assets of and to the dividend declared, if any, by the scheme under the Fund.
- 2) When the Mutual Fund declares a dividend under a scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. In terms of Regulation 53(a) read with SEBI Circular dated May 19, 2000 (as amended by SEBI circular dated December 15, 2009), in the event of failure to dispatch the dividend instrument within the period specified above, the asset management company 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).
- 3) The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request subject to certain limitations as described under "Right to Limit Redemptions". In terms of Regulation 53(c) read with SEBI Circular dated May 19, 2000, in the event of failure to dispatch the redemption or repurchase proceeds within the period specified above, the asset management company 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).
- 4) Consolidated Account Statement for each calendar month reflecting the new or additional subscription as well as redemption or switch of units during the month shall be despatched to the unitholder within tenth day of succeeding month. Provided if a unitholder so desires the Mutual Fund shall issue a Unit Certificate (non - transferable) within 30 days of the receipt of request for the certificate.

- 5) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
- 6) The appointment of an AMC for the Mutual Fund may be terminated by 75% of the Unitholders or by a majority of the Board of Directors of the Trustee. In accordance with Regulation 20(3), any change in the appointment of the AMC shall be subject to prior approval of SEBI and the unitholders.
- 7) 75% of the Unit holders of a scheme can pass a resolution to wind-up the scheme.

Procedure for unitholder approval

In accordance with Regulation 18(15) of SEBI Regulations, the Trustees shall obtain the consent of the unitholders -

- a) whenever required to do so by SEBI in the interest of the unitholders; or
- b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
- c) When the majority of the trustees decide to wind up or prematurely redeem the units.

The Trustee will call for a meeting of the Unitholders of the scheme or adopt postal ballot or any other appropriate method as may be approved by SEBI whenever it is required to do so in the interest of the Unitholders, or as required by the SEBI Regulations for the time being in force.

Change in Fundamental Attributes of the scheme

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

- Type of scheme
- Investment objective
- Investment pattern, minimum and maximum asset allocation
- Liquidity provisions such as repurchase or redemption
- Aggregate fees and expenses charged to the scheme

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 nationwide 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 to exit at the prevailing Net Asset Value without any exit load.

05. VALUATION OF ASSETS

Valuation of the scheme's assets and calculation of the scheme's NAV will be subject to such rules or regulations that SEBI may prescribe from time to time and shall be subject to audit on an annual basis.

The disclosure on valuation norms, computation and publication of NAV, repurchase & sale price and accounting policies shall conform to the relevant provisions of the SEBI Regulations. Accordingly, the following principles will be adopted:

A) Net Asset Value calculation

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

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

The NAV will be computed for each Business Day of the scheme and will be calculated to four decimals using standard rounding criteria. In case of liquid schemes, the NAV will be calculated for every calendar day.

B) Valuation Policy

The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII to the SEBI (MF) Regulations, or such norms as may be prescribed by SEBI from time to time. SEBI has vide Notification dated February 21, 2012 and circular no. Cir/IMD/DF/6/2012 dated February 28, 2012 amended valuation guidelines, introducing the over-arching principle of 'fair valuation' of securities wherein valuation should be reflective of the realizable value'. As required by the Notification, a valuation policy has been framed and approved by the Board. The broad valuation norms are detailed below.

Objective:

The objective of this Valuation Policy is to set the broad valuation norms to enable Franklin Templeton Asset Management (India) Pvt. Ltd (FTAMIL/AMC) to value the investments of the Schemes of Franklin Templeton Mutual Fund (FTMF) in accordance with the overarching principles of 'fair valuation' or such other principles/regulations as may be prescribed by SEBI from time to time so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time

Valuation Methodologies

- The valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets.
- The methodologies for valuing different type of securities are mentioned in Annexure I to the SAI.
- Investment in any new type of security shall be made only after establishment of the valuation methodology for such type of security with the approval of the AMC Board.

Inter-scheme transfers:

Transfer of securities thru inter-scheme shall be at market price or fair valuation price.

Prevention & Detection of incorrect valuation:

The AMC shall put in place policies and procedures to prevent and detect incorrect valuation.

Conflict of Interest:

In case if any situation arises that leads to conflict of interest, the same shall be raised to the Valuation Committee and the Committee shall endeavor to resolve the same such that the valuation provides for fair treatment to all investors including existing and prospective investors.

Exceptional events/ circumstances:

Following events could be considered as 'exceptional events/ circumstances':

- Major policy announcement by Central/State Government or Central Bank or SEBI;
- Natural disasters, public disturbances, riots, war, global events etc., that may force market not to function normally;
- Absence of trading in specific security or similar securities;
- Significant volatility in the stock markets;
- Closure of the stock market of a particular country ;
- Events which lead to lack of availability of accurate or sufficient information to value the securities.

The above mentioned list is only indicative and may not reflect all the possible exceptional events/circumstances.

In case of exceptional events, the valuation committee shall assess the situation and recommend appropriate method of valuation for the impacted securities.

Deviation:

The investments of the FTMF schemes shall be valued as per the methodologies mentioned in this Policy, which shall endeavor true and fairness in valuing them. However, if the valuation of any particular asset/security does not result in fair/ appropriate valuation or under exceptional circumstances, the Valuation Committee would have the right to deviate from the established policies in order to value the asset/ security at fair /appropriate value.

Deviations from the valuation policy, if any, will be informed to the AMC and Trustee Board and will be communicated to the investors vide appropriate disclosures on the Mutual Fund's website.

Review:

The Valuation Committee shall at least annually review the Valuation Policy and apprise the AMC & Trustee Boards.

The Valuation Policy shall also be reviewed by Independent Auditors at least once a Financial Year to ensure the appropriateness of the valuation methodologies and to suggest alternative methods, if any.

Retention of records:

Documentation of rationale for valuation including inter scheme transfers shall be maintained and preserved by the asset management company as per regulation 50 of these regulations to enable audit trail.

Disclosure of the policy:

The Valuation policy approved by the AMC Board shall be disclosed in Statement of Additional Information (SAI) on the Mutual Fund's website and any other document as may be prescribed by SEBI from time to time.

C) Investment in Unlisted Equity Shares – Due Diligence

The mutual funds shall not make investment in unlisted equity shares at a price higher than the price obtained by using the aforesaid methodology. However, it is clarified that this will not be applicable for investment made in the Initial Public Offers of the companies (IPOs) or firm allotment in public issues where all the regulatory requirements and formalities pertaining to public issues have been complied with by the companies and where the mutual funds are required to pay just before the date of public issue.

The boards of AMCs and trustees of mutual funds shall lay down the parameters for investing in unlisted equity shares. They shall pay specific attention that due diligence was exercised while making such investments and shall review their performance in their periodical meetings as advised in the SEBI guidelines.

D) Illiquid Securities:

(a) Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

(b) All funds shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unitholders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognised as illiquid securities.

(c) Mutual Funds shall not be allowed to transfer illiquid securities among their schemes w.e.f. October 1, 2000

(d) In respect of closed ended funds, for the purposes of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively-

E) Expenses and Incomes Accrued:

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day-to-day basis. The minor expenses and income will be accrued on a periodic basis, provided the non-daily accrual does not affect the NAV calculations by more than 1%.

F) Changes in securities and in number of units:

Any changes in securities and in the number of units will be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible, given the frequency of NAV disclosure, the recording may be delayed up to a period of seven days following the date of the transaction, provided as a result of such non-recording, the NAV calculation shall not be affected by more than 1%.

G) Accounting Policies and Standards

In accordance with Regulation 50 read with Ninth Schedule to SEBI Regulations, the Fund shall follow the following accounting policies:

- a) For the purposes of the financial statements, mutual fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision has to be made for exclusion of this item when arriving at distributable income.

- b) Dividend income earned by a scheme should be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income must be recognised on the date of declaration.
- c) In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase must not be treated as a cost of purchase but must be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but must be credited to Interest Recoverable Account.
- d) In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method must be followed.
- e) Transactions for purchase or sale of investments should be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- f) Bonus shares to which the scheme becomes entitled should be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements should be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- g) Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by SEBI.
- h) When in the case of an open-ended scheme units are sold, the difference between the sale price and the face value of the unit, if positive, should be credited to reserves and if negative is debited to reserve, the face value being credited to Capital Account. Similarly, when in respect of such a scheme, units are repurchased, the difference between the purchase price and face value of the unit, if positive should be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.
- i) In the case of an open-ended scheme, when units are sold an appropriate part of the sale proceeds should be credited to an Equalisation Account and when units are repurchased an appropriate amount should be debited to Equalisation Account. The net balance on this account should be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account should not decrease or increase the net income of the fund but is only an adjustment to the distributable surplus. It should therefore be reflected in the Revenue Account only after the net income of the fund is determined.
- j) In a close-ended scheme which provide to the unit holders the option for an early redemption or repurchase their own units, the par value of the unit has to be debited to Capital Account and the difference between the purchase price and the par value, if positive, should be debited to reserves and, if negative, should be credited to reserves.
- k) The cost of investments acquired or purchased should include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered should be reduced from the cost of the investment.
- l) Underwriting commission should be recognised as revenue only when there is no devolvement on the scheme. Where there is devolvement on the scheme, the full underwriting commission received and not merely the portion applicable to the devolvement should be reduced from the cost of the investment.

The accounting policies and standards as outlined above are as per the SEBI Regulations extant at this time and, hence, are subject to change as per any changes in the SEBI Regulations.

06. TAX, LEGAL AND GENERAL INFORMATION

A. TAXATION

The following summary outlines the key tax implications to unitholders based on the relevant provisions under the Income-tax Act, 1961 ('Act'), the Wealth-tax Act, 1957 and other applicable taxation laws as amended by the Finance Act, 2012 (collectively called 'the relevant provisions').

The information provided below is for general information purpose only and is based on the advice obtained by Franklin Templeton. The disclosures in respect of the tax implications are in accordance with the prevailing tax laws and there can be no assurance or guarantee that the tax implications prevailing at the time of investment in the scheme will endure indefinitely.

Further statements with regard to tax implications mentioned herein below are mere expressions of opinion and are not representations of the mutual fund to induce any investor to acquire units of the schemes of the mutual fund. The prospective investors should not treat this information as advice relating to taxation or investment or any other matter. In view of the individual nature of the implications, each investor is advised to consult with his or her own tax advisors/authorised dealers with respect to the specific tax and other implications arising out of his or her participation in the schemes.

I. TAX IMPLICATIONS ON INVESTORS

Under the Income Tax Act, 1961

The tax implications of the following income received by the investors are discussed below:

- i) Income on units (other than sale/redemption);
- ii) Income on sale/redemption of the units.

Taxability of income on units (other than sale):

The income received by an investor (other than income on sale/redemption) in respect of units of a mutual fund specified under Section 10(23D) of the Act, is exempt under the Act.

As the income is exempt from tax, no tax is withheld by the Mutual Fund upon distribution of such income.

Taxability of income on sale/redemption of units:

The taxability of the income on sale/redemption of units and the rates at which such income is taxed is discussed below:

If the units are held as stock-in-trade:

If the units are held by an investor 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. The rates applicable to different investors are discussed at length in Note 1.

On sale of the units of an equity oriented fund (as defined below) on a recognised stock exchange or to the Mutual Fund, the investor will also be charged with Securities Transaction Tax ('STT') as per the rates specified in para on STT, provided the transaction is also considered as a taxable securities transaction. In other cases, STT is not levied.

Any amount of e STT paid in respect of taxable securities transactions entered into the course of business shall be allowed as deduction in computing "business income" in respect of such taxable securities transactions.

If the units are held as investments:

If the units are held as investments, 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. As per section 2(42A) of the Act, units of the scheme 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 tax rates applicable on short term or long term capital gains arising on transfer of units of a scheme, being an **equity oriented fund** are stated in the following table:

Nature of income	Tax rate [§]
Short-term capital gains on sale either to the Mutual Fund or on a recognised stock exchange	Capital gains tax payable at 15%* [applicable to all investors including Foreign Institutional Investors (FII)]
Long- term capital gains on sale either to the Mutual Fund or on a recognised stock exchange	No capital gains tax payable by any investor.

* plus surcharge and education cess as may be applicable (refer Note 2). In case of non-resident investors, the above rates would be subject to applicable treaty relief.

§ Additionally, STT would be payable at the rates specified in para on STT.

The tax rates applicable on short term or long term capital gain arising on transfer of units of a **scheme, not being an equity oriented fund** as discussed above are stated in the following table:

Nature of income	Tax rate
Short-term capital gains	In case of FIIs, 30%*. For others, taxed at normal tax rates (as explained in Note 1).
Long-term capital gains	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 (refer Note 2). In case of non-resident investors, the above rates would be subject to applicable treaty relief.

Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trust Act, 1882, on 27 February 2008), is exempt in the hands of such person under section 10(44) of the Act.

The withholding tax (TDS) implications in respect of the capital gains explained above is discussed below:

(a) **Resident Investors:**

No tax is required to be deducted at source from capital gains arising to resident investors at the time of repurchase or redemption of the units.

(b) **Non-Resident Investors:**

As per the provisions of the Act [Section 195], tax is required to be deducted at source from the sale proceeds or redemption proceeds paid to non-resident investors. This withholding is in addition to the STT payable, if any, by the investor. The rates are:

(i) **Foreign Institutional Investors:** No tax has to be deducted on redemption/sale proceeds [Section 196D(2)].

(ii) **Non-Resident Indian ('NRI')/Person of Indian origin ('PIO')/Other Non Resident Individuals:** Tax on short term capital gains arising out of redemption of units is deducted at the rate of 15% (plus applicable surcharge and education cess) for an equity oriented fund and at 30% (plus applicable surcharge and education cess) for a fund other than equity oriented fund. Tax on long term capital gains is deducted at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains shall be computed after taking into consideration the indexed cost of acquisition of the units redeemed / repurchased / sold. However, in case of long term capital gains on redemption of units of an equity oriented fund, no tax would be deducted, as such gains are exempt from tax.

(iii) **Non-Resident Corporates/Others:** In case of a fund other than equity oriented fund, tax is deducted at the rate of 40% (plus applicable surcharge and education cess) in case of non-resident corporate and 30% (plus surcharge and education cess) in case of other non-resident on short term capital gains, and 20% (plus surcharge and education cess) on long-term capital gains. Such long term capital gains shall be computed after taking into consideration the indexed cost of acquisition of the units redeemed / repurchased / sold. In case of short term capital gains from units in an equity oriented fund, tax is deducted at the rate of 15% (plus surcharge and education cess). No tax would, however, be deducted in case of long term capital gains on redemption of units of an equity oriented fund. For administrative convenience, the Fund will deduct 2% surcharge in case of all non-resident corporates.

All the above non-resident investors may also claim the tax treaty benefits available, if any. For details of applicability and eligibility of such benefits, the investors are requested to consult their tax advisors. For non-residents claiming such tax treaty benefits, the Finance Act, 2012 mandates the obtaining from the home country tax authority of a tax residency certificate ('TRC') in a format to be prescribed. Such TRC would be regarded as a necessary but may not be a sufficient evidence for claiming tax treaty benefits.

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.

Provisions regarding Dividend income and Bonus

According to the provisions of Section 94(7) of the Act, 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.

According to the provisions of Section 94(8) of the Act, 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.

Note 1:

The individuals (including NRIs/PIOs) and HUFs, are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income upto Rs.2,00,000 [#]	Nil
More than Rs.2,00,000 [#] but upto Rs.500,000	10% of excess over Rs.2,00,000 [#]
More than Rs.500,000 but upto Rs.10,00,000	20% of excess over Rs.5,00,000 + Rs.30,000 [§]
Exceeding Rs.10,00,000	30% of excess over Rs.10,00,000 + Rs.1,30,000 [§] .

* plus surcharge and education cess as may be applicable (refer Note 2).

[#] For resident senior citizens of sixty years of age and above but below eighty years of age, Rs.2,00,000 has to be read as Rs.250,000 and for resident senior citizens of eighty years of age and above Rs.2,00,000 has to be read as Rs.500,000.

[§] For resident senior citizens of sixty years of age and above but below eighty years of age, Rs.30,000 has to be read as Rs.25,000 and Rs.1,30,000 has to be read as Rs.1,25,000, and for resident senior citizens of eighty years of age and above Rs.30,000 has to be read as Nil and Rs.1,30,000 has to be read as Rs.1,00,000.

The corporate tax rate for domestic companies is 30% (plus applicable surcharge and education cess). However, the tax rate applicable to foreign companies is 40% (plus applicable surcharge and education cess).

The tax rate for partnership firms, including LLPs is 30% (plus applicable surcharge and education cess).

Note 2:

Assessee	Rate of surcharge applicable
Individuals (including NRIs/ PIOs), HUFs, Non-Corporate Firms and partnership firms (including LLPs)	No basic surcharge. A surcharge by way of education cess of 3% is payable on the total amount of tax.
Domestic companies having taxable income equal to or less than Rs.10,00,000 per annum	No basic surcharge. A surcharge by way of education cess of 3% is payable on the total amount of tax.
Domestic companies having taxable income more than Rs.10,00,000 per annum	5% basic surcharge. An additional surcharge by way of education cess of 3% is payable on the total amount of tax plus surcharge.
Foreign Companies (including corporate FII) having taxable income equal to or less than Rs.10,00,000 per annum	No basic surcharge. A surcharge by way of education cess of 3% is payable on the total amount of tax.
Foreign Companies (including corporate FII) having taxable income more than Rs.10,00,000 per annum	2% basic surcharge. An additional surcharge by way of education cess of 3% is payable on the total amount of tax plus surcharge.

Under the wealth Tax Act, 1957

Units are not to be treated as assets as defined under Section 2(ea) of the Wealth-Tax Act, 1957 and hence will not be liable to wealth-tax.

II. TAX IMPLICATIONS ON MUTUAL FUND

Income earned or received by the Mutual Fund

Franklin Templeton Mutual Fund is registered with SEBI and as such, the entire income of the Fund is exempt from income tax under Section 10(23D) of the Act. In view of the provisions of Section 196(iv) of the Act, no income tax is deductible at source on the income earned by the mutual fund.

Income distributed by the Mutual Fund

As per provisions of the Act (Section 115R), Franklin Templeton Mutual Fund will be required to pay dividend distribution tax ('DDT') as follows:

- No DDT to be paid on equity oriented funds;
- DDT to be paid on other funds at the following rates:

For income distributed to any individual or a Hindu Undivided family

- at **27.0375%** (including 5% surcharge and 3% education cess) on dividend distributed by a money market mutual fund or a liquid fund; and
- at **13.51875%** (including 5% surcharge and 3% education cess) on dividend distributed by a fund other than a money market mutual fund or a liquid fund

For income distributed to any other person

- at **32.445%** (including 5% surcharge and 3% education cess) on dividend distributed by a money market mutual fund or a liquid fund; and
- at **32.445%** (including 5% surcharge and 3% education cess) on dividend distributed by a fund other than a money market mutual fund or a liquid fund.

Note:

"*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.

"*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.

"*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.

III. SECURITIES TRANSACTION TAX (STT)

"*Taxable securities transaction*" means a transaction of –

- purchase or sale of an equity share in a company or a derivative or a unit of an equity oriented fund, entered into in a recognised stock exchange; or
- sale of an equity oriented fund to the Mutual Fund

Rates of STT:

Franklin Templeton Mutual Fund is liable to pay a securities transaction tax as follows:

Sr. No	Taxable securities transaction	Tax rate (per cent)	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where (a) the transaction of such purchase is entered into in a recognised stock exchange; and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit - Up to 30 June 2012 - 01 July 2012 onwards	0.125 0.1	Purchaser
2	Sale of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such sale is entered into in a recognised stock exchange; and (b) the contract for the sale of such share or unit is settled by the actual delivery or transfer of such share or unit - Up to 30 June 2012 - 01 July 2012 onwards	0.125 0.1	Seller

Sr. No	Taxable securities transaction	Tax rate (per cent)	Payable by
3	In respect of sale of a derivative, where the transaction of such sale is entered into in a recognised stock exchange, STT is leviable as under: - Sale of an option in securities - Sale of an option in securities, where the option is exercised - Sale of a future in securities	0.017 0.125 0.017	Seller Purchaser Seller
4	Sale of unit of an equity oriented fund to a Mutual Fund	0.25	Seller
5	Sale of unlisted equity shares under an offer for sale to the public included in an in initial public offer and subsequently listed on a recognised stock exchange (effective July 1, 2012)	0.2	Seller

The value of a taxable securities transaction will be as follows:

- in the case of a taxable securities transaction relating to “option in securities”, the option premium of such “option in securities”;
- in the case of a taxable securities transaction relating to “option in securities”, where the option is exercised, the settlement price”;
- in the case of taxable securities transaction relating to “futures”, the price at which such “futures” are traded; and
- in the case of any other taxable securities transaction, the price at which such securities are purchased or sold.

STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust.

IV. INVESTMENTS BY RELIGIOUS AND CHARITABLE TRUSTS

Investment in the units of the Schemes of the Mutual Fund by charitable or religious trust or institution is an eligible investment under Section 11(5) of the Act, read with Rule 17C of the Income-tax Rules, 1962.

B. LEGAL INFORMATION

I. TRANSFER OF UNITS

The units of the schemes are not transferable unless the units are held in electronic (demat) form or are held under a transferable Unit Certificate. However, restrictions on transfer of units during the lock-in period shall continue. In case of schemes which are not listed on a recognised stock exchange, as the Mutual Fund offers repurchase (redemption) facility (subject to terms of the respective Scheme Information Document), the transfer facility is found redundant. Any addition or deletion of name in the Folio is treated as transfer of Units. In view of the same, additions or deletions of name(s) will not be allowed under any Folio.

However, if a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole holder or the survivors of joint holders, upon producing evidence to the satisfaction of the Fund, shall be registered as a unitholder.

II. TRANSMISSION

The scheme’s units can be transmitted after completion of necessary formalities to the entitled person(s) in the event of death of Unitholder at any time. All the restrictions and limitations specified herein including those relating to lock-in period and creation of charge, will be binding also on the successors, legal heirs, pledgee or assigns of the investor.

The units of the schemes held in electronic (demat) form will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 and the bye laws of depositories, as amended from time to time. However, restrictions on transfer of units during the lock-in period shall continue.

III. NOMINATION FACILITY

In terms of Regulation 29A, the Unitholders have an option for making nomination. The Mutual Fund recommends that all Unitholders avail nomination facility.

Nomination would normally be registered at the Folio level and will be recorded for all Accounts under that Folio. Nomination is also available to a sole proprietary concern Folio / Account. For investment made under the Franklin Templeton Family Solutions facility, the nomination can be registered at Goal level. However the investor may choose to register different nomination for any of the Accounts under that Folio. In case of switch which results in creation of a new Account, the nomination, if any, registered in the source (switch-out) account will automatically be registered for the destination (switch-in) account. In case of subscription which results in creation of a new Account, the nomination registered in the last transacted account under that Folio will automatically be registered for the new account.

The Unitholder may nominate one or more persons in whom the Units held by the Unitholder shall vest in the event of his death. In case where more than one person holds the Units jointly, the joint Unitholders may together nominate one or more persons (not exceeding three) in whom the Units shall vest in the event of death of all the joint Unitholders.

In case of multiple nomination (nomination in favour of more than one person), the Unitholder(s) must clearly and unambiguously specify the exact share of each of the nominees as a percentage of the Units held by the Unitholder(s), making a total of 100%. In absence of such clear and unambiguous indication by the Unitholder regarding the exact share of each of the nominees, **it will be assumed that the Unitholder(s) has opted for the Default Option, which is the Units to be allocated equally among all the nominees and settled accordingly.**

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

Nomination can be made by filling up the form prescribed by the AMC in this regards. The Nomination Form is available in any ISC and also on FTMF website. In case of single nomination, nomination can also be made by filling up the relevant section in the Application Form. Nomination so made can be cancelled or changed by the Unitholder(s) any time. While making nomination, cancellation or change thereof, it is required to be witnessed by third party. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor, provided other major individual is named as the guardian of the nominee.

The following rules & regulations have to be complied with by the unit holder/joint unit holders who wish to nominate a person in whom the units held by him/them shall vest in the event of his/their death:

1. The nomination can be made only by individuals applying for/holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the units are held jointly, all joint holders will sign the nomination form.
2. Nomination cannot be registered in Folios/Accounts held in the name of a minor.
3. A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.
4. The Nominee shall not be a trust, other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time.
5. Nomination in respect of the units stands rescinded upon the transfer of units.
6. Transfer of units in favour of a Nominee shall be valid discharge by the asset management company against the legal heir.
7. A new nomination or any change in the nomination already registered with the Mutual Fund/AMC will overwrite the existing nomination registered.
8. The cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination.
9. On cancellation of the nomination, the nomination shall stand rescinded and the asset management company shall not be under any obligation to transfer the units in favour of the Nominee.

However, the investors should be aware that the nominee may not acquire title or beneficial interest in the property by virtue of the nomination and that neither the Mutual Fund or the AMC or the Registrar and Transfer Agent of the Mutual Fund will be bound to transfer the units to the nominee in the event of any

dispute in relation to the nominee's entitlement to the units.

If the Mutual Fund or the AMC or the Trustee were to incur, suffer or any claim, demand, liabilities, proceedings or actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

The following documents are required in the case of Death:

- a. Death certificate
- b. Identity of the nominee
- c. Proof of guardianship in case the nominee is a minor and or an unsound person
- d. Indemnity in the prescribed format
- e. Such other documents as may be prescribed by the AMC from time to time.

For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any change or cancellation Nominee(s) shall be governed by the rules and bye-laws of the Depository.

IV. PLEDGE OF UNITS

The Units under the Scheme may be offered as security by way of a pledge / charge / lien in favour of scheduled banks or financial institutions. Units can be pledged by completing the requisite formalities, as may be prescribed by the AMC from time to time. A standard form for this purpose is available on request from any ISC. The AMC will note and record such Pledged Units. Disbursement of such loans will be at the entire discretion of the bank/financial institution concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem units that are pledged until the entity to which the units are pledged provides written authorisation to the Mutual Fund that the pledge / lien / charge may be removed. As long as the units are pledged, the pledgee will have complete authority to redeem such units.

For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for pledge/lien of units of the Scheme(s). Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.

V. UNCLAIMED REDEMPTION / DIVIDEND AMOUNT

The unclaimed redemption and dividend amount may be deployed by the mutual fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount may be transferred to a pool account and the investor can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds may be used for the purpose of investor education. The AMC would make a continuous effort to remind the investors through letters to take their unclaimed amounts. The investment management fees charged by the AMC for managing unclaimed amounts will not exceed 50 basis points. The Fund shall not be liable to pay any interest or compensation on unclaimed amount.

VI. DURATION OF THE SCHEME AND WINDING UP

In case of open end schemes and interval schemes, the duration of the schemes is perpetual. In case of closed end schemes, the scheme / each plan will have a fixed maturity as specified in the respective Scheme Information Document and it will be fully redeemed at the end of the maturity period unless rolled over as per SEBI guidelines.

However, in terms of the SEBI Regulations, the Scheme may be wound up if:

- i. There are changes in the capital markets, fiscal laws or legal system, or any event or series of events occurs, which, in the opinion of the Trustee, requires the Scheme to be wound up; or
- ii. 75% of the Unitholders of the Scheme pass a resolution that the Scheme be wound up;
- iii. SEBI directs the Scheme to be wound up in the interests of the Unitholders; or

Where a scheme is to be wound up pursuant to the above, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme -

- i. to SEBI; and
- ii. in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the Fund is established.

Procedure and Manner of Winding Up

- i) The Trustee shall call a meeting of the Unitholders to consider and pass necessary resolutions by simple majority of the Unitholders present and voting at the meeting for authorizing the Trustees or any other person to take steps for winding up the Scheme/plan.
- ii) a) The Trustee or the person authorized as above, shall dispose of the assets of the Scheme concerned in the best interest of the Unitholders of that Scheme.
b) The proceeds of the sale made in pursuance of the above, shall, in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for the winding up was taken.
- iii) On the completion of the winding up, the Trustee shall forward to the Board and the Unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the Unitholders and a certificate from the Auditors of the Fund.
- iv) Notwithstanding anything contained herein, the application of the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to apply.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist.

VII. PREVENTION OF MONEY LAUNDERING

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PML Act, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'AML Laws'.

The investor(s), including guardian(s) where investor is a minor, should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, AML Laws, Prevention of Corruption Act and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, Franklin Templeton Asset Management (India) Pvt. Ltd. ('the AMC')/Franklin Templeton Mutual Fund ('the Mutual Fund') / Franklin Templeton Trustee Services Pvt. Ltd. ('the Trustees') reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the AMC/the Mutual Fund/the Trustees to satisfy themselves of the investor(s) identity, address and other personal information.

The investor(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other

documents or produce such information as may be required from time to time for verification of the personal details of the investor(s) including *inter alia* identity, residential address(es), occupation and financial information by the AMC/Mutual Fund. If the investor(s), their attorney(ies) or the person making payment on behalf of the investor(s), refuses/fails to provide the required documents/information within the period specified by the AMC/Mutual Fund then the AMC shall have absolute discretion to freeze the folios of the investor(s), reject any application(s)/allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to entry/exit loads, if any. The AMC/Mutual Fund/Trustees shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the AML Laws and/or on account of deficiencies in the documentation provided by the investor(s) and the AMC/Mutual Fund/Trustees shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the holders entering the Register of Unitholders by virtue of operation of law e.g. transmission, etc.

The AMC/Mutual Fund/Trustees, and their Directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios/rejection of any application/allotment of units or mandatory redemption of units due to non-compliance with the provisions of the AML Laws and KYC policy and/or where the AMC/Mutual Fund believes that transaction is suspicious in nature within the purview of the AML Laws and/or for reporting the same to FIU-IND.

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.**

VIII. CLIENT INFORMATION

The Mutual Fund shall presume that the identity of the investor and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the investor in the Schemes of the Mutual Fund come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the units are issued and registered, the Mutual Fund shall assume that the investor holding the Units in his name is legally authorized / entitled to invest the said funds in the Units of the Mutual Fund, for the benefit of the beneficiaries.

Units of the schemes are not offered, nor is the Fund managed or intended to serve, as a vehicle for frequent trading that seeks to take advantage of short-term fluctuations in the securities market. This type of trading activity is often referred to as "market timing" and could result in actual or potential harm to the Unit Holders. Accordingly, the Mutual Fund (MF) at its sole discretion may reject any purchase or exchange of Units that the MF reasonably believes may represent a pattern of market timing activity involving the Schemes of the Mutual Fund.

IX. ACTS DONE IN GOOD FAITH

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communications received from the investor/ unit holder will constitute good and full discharge of the obligation of the Fund, Trustee and the AMC.

In cases of copies of the documents / other details such as list of authorized signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the application form and / or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the AMC/Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents / details by such investors shall be full and final proof of the corporate investor's authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted.

In cases where there is a change in the name of such investor, such a change will be effected by the AMC/Fund only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies / registering authority. In cases where the changed PAN Number reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the

revised Certificate of Incorporation with a copy of the Old Pan Card and confirmation of application made for new PAN Card will be required as a documentary proof.

X. LIEN

The Mutual Fund will have a first and paramount right of lien/set-off with respect to every unit/dividend under any scheme of the Mutual Fund for any money that may be owed by the unitholder, to it.

XI. POWER TO MAKE RULES

Subject to the prior approval of SEBI, if required, the Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the schemes with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

XII. POWER TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to the provisions of the schemes, the Trustee may do anything not inconsistent with such provisions, which appear to them to be necessary, desirable or expedient, for the purpose of removing the difficulty.

C. GENERAL INFORMATION

I. INTERSCHEME TRANSFER OF INVESTMENTS

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

II. POLICY FOR BORROWING

The scheme may borrow up to a maximum of 20% of the net assets of the scheme for a maximum duration of 6 months in order to meet redemption of units/dividends or interest payouts as a temporary liquidity measure as per Regulation 44(2) of Chapter VI of SEBI [Mutual Funds] Regulations, 1996, on such terms (as to creation of charge on the properties of the scheme, rate of interest, margins etc.) as the Trustee/AMC considers to be in the interest of investors. Such borrowings if made may result in interest cost. The limit of 20% may be revised at the discretion of the Fund and to the extent the Regulations hereafter permit.

III. UNDERWRITING

Subject to Franklin Templeton Mutual Fund obtaining the necessary approval-registration under the Securities and Exchange Board of India (Underwriters) Regulations, 1993 and the Securities and Exchange Board of India (Underwriters) Rules, 1993, the Scheme may accept obligations for underwriting issue of Securities consistent with its investment objectives. The total underwriting obligations will not exceed the scheme's total net asset value.

IV. RECEIVING ACCOUNT STATEMENT / CORRESPONDENCE BY E-MAIL

The AMC will encourage the Unit holder to provide their e-mail addresses for receiving Account Statements and other correspondence. The Mutual Fund's Website would facilitate request for Account Statement by Unit holders. For those unitholders who have provided an e-mail address, the AMC will send the Account Statements and other correspondence, including without limitation the annual report, half yearly portfolio statement and other services subscribed for by the unitholder by e-mail. Alternatively, the AMC may also send an e-mail to the investor giving the link to the website of the Mutual Fund for the aforesaid statements, wherever applicable. By providing an e-mail address, the unitholder shall be deemed to have agreed to receive the account statements and other correspondence by e-mail. However, if the unitholder wishes to receive account statement otherwise than by e-mail, he/she may request the AMC in writing for the same.

The Unit holder may download and print the Account Statement and other communication after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the

electronically delivered Account Statement, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternative means. Failure to advise Franklin Templeton Mutual Fund or the AMC of such difficulty within 24 hours of receiving the e-mail, will serve as an affirmation regarding the acceptance by the Unit holder of the Account Statement.

For the investors who have opted to receive Account Statements, Annual Reports and other correspondence by e-mail, the AMC/Mutual Fund will not be responsible for e-mail not reaching the investors and for all consequences thereof. The investors shall from time to time intimate the AMC/Mutual Fund about any changes in their e-mail address.

The Unitholders are requested to make themselves aware of all security risks including possible third party interception of the Account Statement and content of the Account Statement becoming known to third parties.

V. BROKERS / DISTRIBUTORS

The AMC intends to utilise the services of select financial intermediaries for distribution and may pay brokerage depending upon the efficiency and other factors as may be decided by the AMC. The AMC is the sole authority to select such financial intermediaries who would distribute the product. Further, the AMC may appoint one or more exclusive distributors, at its discretion, based on the parameters decided by the AMC.

The AMC may use the services of associate brokers / distributors or take the sale of its units into account when allocating brokerage. However, the brokerage / commission paid to associate brokers / distributors shall be at the same rate offered to any other broker / distributor who procures subscription.

VI. WEBSITE

The website of Franklin Templeton Mutual Fund (the said Website) is intended solely for the use of Resident Indians, Non Resident Indians, persons of Indian Origin and Foreign Institutional Investors registered with Securities and Exchange Board of India. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited including the United States of America. Any persons resident outside India who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements, which restrict or prohibit them from doing so.

Information other than that relating specifically to Franklin Templeton Asset Management (India) Pvt. Ltd., Franklin Templeton Mutual Fund and its products, is for information purposes only and should not be relied upon as a basis for investment decisions. Franklin Templeton Asset Management (India) Pvt. Ltd. shall not be responsible, nor be held liable, for any information contained in any website linked from the said Website.

Franklin Templeton makes no representations whatsoever about any such website which the user may access through the said Website. A link to a non-Franklin Templeton website does not mean that Franklin Templeton endorses or accepts any responsibility for the content, or the use, of such website. It is the responsibility of the user to take precautions to ensure that whatever is selected for use is free of such items as viruses and other items of a destructive nature.

The investors are requested to read the Terms and Conditions given on the said Website carefully before using the said Website. By using the said Website, the investor will be deemed to have agreed that the Terms and Conditions specified apply to the use of the investor of the said Website, any information obtained from the site, and our products and services. If the investor does not agree to the specified Terms, the investor may not use the said Website or download any content from it.

VII. WEB (ONLINE) TRANSACTIONS

In the new era of liberalisation and modernisation, the Fund wishes to take optimum advantage of the modern techniques of communication and transactions to serve its investors in a more efficient manner.

As a step towards the same, the Fund has introduced and is allowing certain online transactions, including subscription and redemption/repurchase of the Units of the Fund or any other transaction such as change in address, change in bank details, change in mode of payment etc., as may be specified by the Mutual

Fund from time to time, through use of the HPIN facility as described below. Online transactions will save cost & time of the investor and will also enable the Fund to serve its clients in a faster and efficient way.

However investors intending to take benefit of the web-based transaction facility should note that the investor shall use this service at their own risk. The Fund, the AMC, the Trustee, along with its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of the website or its non-use including, without limitation, non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning, or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorised access or use of information.

Household Personal Identification Number (HPIN)

As stated above, the Fund is currently offering a facility for conducting certain transactions through the Fund's website on the Internet ("Online Transactions"), and is offering each unitholder access to a unique Household Personal Identification Number (HPIN) for purposes of conducting such Online Transactions (hereinafter referred to as the "HPIN Facility").

An existing Unitholder may visit the Mutual Fund's website (www.franklintempletonindia.com) and register online for the HPIN facility and create a Username and password. The Unitholder will be granted 'View only' access. For getting transaction access, the Unitholder will be required to execute necessary documentation as may be prescribed by the Mutual Fund / AMC from time to time. The terms and conditions of the HPIN facility shall be binding on the Unitholder. The Unitholder shall keep the HPIN, User ID and Password confidential at all times.

The Unitholder shall be solely responsible for confidentiality of the user name and password as well as the HPIN and shall not disclose his user name, password or the HPIN to any third party and shall take all possible care to prevent discovery of the user name, password or HPIN by any person.

The Online Transactions shall be carried out against his bank account, the details of which are provided by the Unitholder to, and are accordingly recorded with, the Fund.

All other norms prescribed by the Fund to issue an HPIN will have to be adhered to from time to time.

The Fund shall not be liable for any misuse of data placed on the Internet, by third parties "hacking" or unauthorized accessing of the server. The Fund will not be liable for any failure to act upon electronic instructions or to provide any facility for any cause that is beyond the control of the Fund.

Transaction by Distributor / Broker

Franklin Templeton has introduced a facility for distributors to transact on the web on behalf of their clients, provided the client has authorised the distributors to do so by executing a Power of Attorney (PoA) in favour of the distributor for this purpose. In such event, the Power of Attorney should be submitted to the Fund.

VIII. UNITS WITH DEPOSITORY

Units of the schemes may, if decided by the AMC, be held with a Depository. Under such circumstances, Units may be transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

IX. ASSOCIATE TRANSACTIONS

1. The Schemes of Franklin Templeton Mutual Fund, from the date of their inception, till the date of this SAI, have not underwritten any issue lead managed by the associate companies.
2. Franklin Templeton Mutual Fund has not utilised the services of associate companies for purchase or sale of securities.
3. The AMC may, subject to SEBI regulations, utilise the services of the associate companies for the following:
 - Purchase or sale of securities
 - Marketing, sale and distribution of the units of the schemes of Franklin Templeton Mutual FundHowever, the AMC shall ensure that brokerage paid to affiliate broker will be in line with what will be paid to non-affiliate broker and the quantum of business shall be subject to the limits prescribed by

SEBI.

The AMC shall also ensure that the brokerage / trail fee paid to the affiliate brokers for the sale and distribution of units is at the same rates offered to the other distributors.

4. The AMC has utilised the services of the associates for sale / distribution of the units of the schemes of the Mutual fund. The details of brokerage / trail commission paid to the associates during the last three fiscal years as given below:

Associate Company	For the year ended (Rs. in millions)		
	31-03-2010	31-03-2011	31-03-2012
ITI Capital Markets	1.63	1.69	1.27
Mahindra & Mahindra Financial Services^	2.55	0.59	-

^ An associate of the AMC from August 4, 2009 to October 8, 2010.

5. The AMC may, subject to the regulations, may subscribe on behalf of the schemes in the securities issued and lead managed by any of the associate. The AMC shall ensure that investments in such issues will be in line with the investment objectives of the scheme.
6. 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.
7. From time to time, subject to the Regulations, the Sponsors, the Mutual Funds managed by them, their affiliates-associates, the Sponsors and the AMC may acquire a substantial portion of the scheme's units and collectively constitute a majority investor in the scheme.

X. 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: 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.

E-mail: service@templeton.com

The number of complaints received and redressed for the last three financial years are detailed below:

Scheme	01.04.2009 to 31.03.2010		
	Received	Redressed	Pending
FAEF	862	838	28
FBIF	335	330	5
FFF	41	41	1
FIBCF	2,129	2,031	140
FIF	202	194	10
FIFCF	3,280	3,188	110
FIHGCF	1,935	1,872	75
FIIF	106	105	5
FIMF	1	1	Nil
FINTF	2	2	Nil
FIOF	909	883	38
FIPF	1,058	1,029	36
FIPP	2,583	2,490	175
FISCF	402	391	13
FISIP	Nil	Nil	Nil
FIT	2,248	2,159	179
FIT96	40	36	6
FIT97	4	4	1
FIT98	1	1	Nil
FIT99	11	11	Nil
FITF	6	6	Nil
FPF	76	75	2
FTCPOF	7	7	Nil

Scheme	01.04.2009 to 31.03.2010		
	Received	Redressed	Pending
FTCSF	95	92	3
FTDPEF	116	112	4
FTFTF-I	22	22	Nil
FTFTF-II	6	6	Nil
FTFTF-III	7	7	Nil
FTFTF-IV	5	4	1
FTFTF-IX	15	14	1
FTFTF-V	Nil	Nil	Nil
FTFTF-VI	13	13	Nil
FTFTF-VII	2	2	Nil
FTFTF-VIII	1	1	Nil
FTFTF-X	6	6	Nil
FTFTF-XII	45	45	Nil
FTFTF-XIII	13	11	2
FTIBF	204	199	7
FTIMIP	421	411	17
FTLF	108	106	2
TFHF-3M	1	1	Nil
TFHF-3M-II	Nil	Nil	Nil
TFHF-I-13M	9	9	Nil
TFHF-I-15M	3	3	Nil
TFHF-II	2	2	Nil
TFHF-III	2	2	Nil
TFHF-IX	183	183	Nil
TFHF-VI	Nil	Nil	Nil
TFHF-VII	13	13	Nil
TFHF-VIII	38	38	Nil
TFHF-X	4	3	1
TFHF-XI	94	95	Nil
TFIF	301	295	7
TGSF	42	43	1
TICAP	19	17	2
TIEIF	2,168	2,088	82
TIGF	325	313	14
TIIBA	70	64	6
TIIF	124	123	3
TIIOF	34	34	Nil
TIMMA	59	58	1
TIPP	234	226	13
TISTIP	352	342	10
TITMA	155	146	9
TIUBF	118	118	1
TMIP	60	53	7
TQIP	3	3	Nil
Others (*)	7,196	6,982	273

Scheme	01.04.2010 to 31.03.2011		
	Received	Redressed	Pending
FAEF	382	405	5
FBIF	99	103	1
FIBCF	1,105	1,223	22
FIFCF	1,395	1,490	15
FFF	18	19	Nil
FIHGCF	995	1,058	12
FIIF	35	40	Nil
FITF	5	5	Nil
FINTF	2	2	Nil
FIOF	367	403	2
FIPF	496	529	3
FIPP	1,048	1,205	18
FISCF	202	211	4
FIT	951	1,112	18
FIT96	27	31	2
FIT97	3	3	1
FIF	88	94	4

Scheme	01.04.2010 to 31.03.2011		
	Received	Redressed	Pending
FPF	47	49	Nil
FTCPOF	4	4	Nil
FTCSF	46	49	Nil
FTFTF-I	31	31	Nil
FTFTF-II	16	16	Nil
FTFTF-III	1	1	Nil
FTFTF-IV	3	4	Nil
FTFTF-VI	8	8	Nil
FTFTF-VII	1	1	Nil
FTFTF-VIII	2	2	Nil
FTFTF-IX	9	10	Nil
FTFTF-X	4	4	Nil
FTFTF-XII	34	34	Nil
FTFTF-XIII	18	19	1
FTFTF-XIV	8	8	Nil
FTFTF-XIV	1	1	Nil
FTIBF	85	92	Nil
FTDPEF	94	96	2
FTLF	35	37	Nil
FTIMIP	203	222	2
TFHF-VII	2	2	Nil
TFHF-IX	9	9	Nil
TFHF-X	2	3	Nil
TFHF-XI	18	18	Nil
TFIF	121	127	1
TICMA	1	1	Nil
TICAP	4	6	Nil
TIEIF	1,040	1,107	15
TGSF	16	17	Nil
TIGF	251	263	2
TIGIP	2	1	1
TIIBA	23	29	Nil
TIIF	36	35	4
TIIOF	56	56	Nil
TILDF	18	21	Nil
TIPP	106	119	Nil
TISTIP	208	217	1
TITMA	50	60	Nil
TIUBF	67	67	1
Others (*)	3,283	3,516	40

(*) Includes investors who have not furnished their account numbers / scheme names.

Scheme	01.04.2011 to 31.03.2012		
	Received	Redressed	Pending
FAEF	128	130	3
FBIF	23	24	Nil
FIBCF	410	419	13
FIFCF	256	266	5
FIHGCF	252	261	3
FIIF	7	7	Nil
FIOF	93	94	1
FIPF	120	121	2
FIPP	285	296	7
FISCF	68	69	3
FIT	285	293	10
FIT96	Nil	2	Nil
FIT97	1	1	1
FIF	20	24	Nil
FTCPOF	1	1	Nil
FTCSF	32	30	2
FTFTF-I	1	1	Nil
FTFTF-II	4	4	Nil
FTFTF-IV	3	3	Nil
FTFTF-VI	6	6	Nil
FTFTF-IX	5	5	Nil

Scheme	01.04.2011 to 31.03.2012		
	Received	Redressed	Pending
FTFTF-XII	8	8	Nil
FTFTF-XIII	2	3	Nil
FTFTF-XIV	3	3	Nil
FTFTF-XV	3	3	Nil
FTFTF-XVI	2	2	Nil
TFHF-VIII	1	1	Nil
FTIBF	19	19	Nil
FTDPEF	52	54	Nil
FTIF-FUSOF	3	3	Nil
FTLF	9	9	Nil
FTIMIP	26	27	1
TFIF	25	26	Nil
TICAP	8	8	Nil
TICBOF	9	9	Nil
TIEIF	267	273	9
TGSF	5	5	Nil
TIGF	75	77	Nil
TIGIP	Nil	1	Nil
TIIBA	4	4	Nil
TIIF	6	9	1
TIIOF	13	13	Nil
TILDF	17	17	Nil
TIPP	37	33	4
TISTIP	58	59	Nil
TITMA	13	13	Nil
TIUBF	32	33	Nil
Others (*)	621	652	9

(*): Includes investors who have not furnished their account numbers / scheme names.

Scheme	01.04.2012 to 30.11.2012		
	Received	Redressed	Pending
FAEF	97	98	2
FBIF	6	6	Nil
FIBCF	204	211	6
FIFCF	170	170	5
FIHGCF	124	125	2
FIIF	3	3	Nil
FIOF	41	40	2
FIPF	72	68	6
FIPP	105	109	3
FISCF	41	42	2
FIT	125	130	5
FIT97	1	2	Nil
FIF	9	8	1
FTCSF	3	5	Nil
FTFTF-VIII	2	2	Nil
FTFTF-XII	2	2	Nil
FTFTF-XIII	2	2	Nil
FTFTF-XIV	3	3	Nil
FTIBF	12	12	Nil
FTDPEF	26	24	2
FTIF-FUSOF	1	1	Nil
FTLF	7	5	2
FTIMIP	12	13	Nil
TFIF	7	7	Nil
TICAP	2	2	Nil
TICBOF	34	32	2
TIEIF	166	171	4
TGSF	2	2	Nil
TIGF	27	26	1
TIIBA	12	12	Nil
TIIF	8	8	1
TIIOF	13	13	Nil
TILDF	34	33	1
TIPP	13	17	Nil

Scheme	01.04.2012 to 30.11.2012		
	Received	Redressed	Pending
TISTIP	47	45	2
TITMA	11	11	Nil
TIUBF	39	38	1
Others (*)	429	424	14

(*): Includes investors who have not furnished their account numbers / scheme names.

As of November 30, 2012, there were 8 SEBI complaints pending, out of which, 7 were responded.

Most queries were related to general / additional information on the fund. Complaints regarding non-receipt of Account Statement were resolved by issuing duplicate Account Statement and arranging for duplicate cheques/ DDs in cases where redemptions were not received.

XI. BOOKS AND RECORDS

The books and records of the Fund will be maintained at the Registered Office of the AMC. The fiscal year of the Mutual Fund ends on 31st March in each year. The Register of unitholders of the schemes shall be maintained AMC's office at Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi, Chennai 600096 and such other places as the Trustees may decide.

XII. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection by the prospective investors between 11.00 a.m. and 1.00 p.m. on any day (excluding Saturdays, Sundays and public holidays) at the Head Office of the Mutual Fund at Mumbai: -

- Copy of Mutual Fund's Registration Certificate from SEBI
- Copy of the Deed of Trust Deed and Supplemental Deeds of Trust
- Copy of Investment Management Agreement
- Copy of Memorandum & Articles of Association of the AMC
- Copy of the Custodian Agreement
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors and Legal Advisors to act in the said capacity
- SEBI (Mutual Funds) Regulations, 1996
- Copy of Indian Trust Act, 1882

Notwithstanding anything contained in the Statement of Additional information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.

Franklin Templeton Branch Offices (Investor Service Centres)

Name of the Branch	Address
Ahmedabad	202 Abhijit-III, Opp.Mayor's Bungalow, 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. 37, 3rd Floor, Maker Chamber – VI, Nariman Point, Mumbai 400021 Fax: (022) 22810923 (b) Indiabulls Finance Centre, Tower 2, 13th Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013 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
Nashik	2nd Floor, Bedmutha's Navkar Heights, Near Rajiv Gandhi Bhavan, Saharanpur Road, Nashik 422002 Fax: (0253) 2574329
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	Shop No. 310, 3rd Floor, Lalganga Shopping Mall, G. E. Road, Raipur 492001 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, 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)	Ramkunj, Railway Station Road, Near Osmanpura Circle, Aurangabad 431005
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-1, First Floor, Plot No- 1, Old Sada Office Block Commercial Complex, Near HDFC ATM, Nehru Nagar – East, Bhilai 490020 (Dist. Durg)
Bhopal (Madhya Pradesh)	Kay Kay Business Centre, 133, Zone 1, M. P. Nagar, Bhopal 462011
Calicut (Kerala)	II nd 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

Name of the Branch	Address
Jalgaon (Maharashtra)	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
Shillong (Meghalaya)	Mani Bhawan, Thana Road, Lower Police Bazar, Meghalaya 739001
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)	AMC No. 423/30, Near Church, Brahampuri, Opp. T B Hospital, Jaipur Road, 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)	SCO - 18J, 'C', Block Ranjit Avenue, Amritsar 143001
Ankleshwar (Gujarat)	Shop No. F-56, First Floor, Omkar Complex, Opp. Old Colony, Near Valia Char Rasta, GIDC, 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
Bareilly (Uttar Pradesh)	F-62-63, Butler Plaza, Civil Lines, Bareilly 243001
Belgaum (Karnataka)	1st Floor, 221/2A/1B Vaccine Depot Road, Near 2nd Railway gate, Tilakwadi, Belgaum 590006
Bharuch (Gujarat)	F-108, Rangoli Complex, Station Road, Bharuch 392001
Bhopal (Madhya Pradesh)	Plot no. 10, 2nd Floor, Alankar Complex, Near ICICI Bank, MP Nagar, Zone II, 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

Name of the Branch	Address
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)	G-6 Global Apartment, Kailash Vihar Colony, Opp. Income Tax Office, City Centre, Gwalior 474002
Hosur (Tamil Nadu)	Shop No.8, J. D. Plaza, Opp. TNEB Office, Royakotta Road, Hosur 635109
Hubli (Karnataka)	No. 204 - 205, 1st Floor, ' B ' Block, Kundagol Complex, Opp. Court, Club Road, Hubli 580029
Hyderabad (Andhra Pradesh)	102, Jade Arcade, First Floor, Paradise Circle, Secunderabad 500003
Jabalpur (Madhya Pradesh)	8 Datt Towers, Ground Floor, Behind Commercial Automobiles, Napier Town, Jabalpur 482001
Jammu (Jammu & Kashmir)	JRDS Heights, Lane Opp. S&S Computers, Near RBI Building, Sector 14, Nanak 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, 1 st Chopasani Road, Jodhpur 342003
Junagadh (Gujarat)	Circle Chowk, Near Choksi Bazar Kaman, Junagadh 362001
Kadapa (Andhra Pradesh)	Bandi Subbaramaiah Complex, D. No. 3/1718, Shop No. 8, Raja Reddy Street, Kadapa 516001
Kakinada (Andhra Pradesh)	No.33-1-44/45, Sri Sathya Complex, Main Road, Kakinada 533001
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
Kolhapur (Maharashtra)	2B, 3rd Floor, Ayodhya Towers, Station Road, Kolhapur 416001
Kolkata (West Bengal)	(a) 2nd Floor, Saket Building, 44 Park Street, Kolkata 700016 (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)	KMC IX/1331A, Opp. Malayala Manorama, Railway Station Road, Thekkummoottil, 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) CTS No. 411, Citipoint, Gundivali, Teli Gali, Above C.T. Chatwani Hall, Andheri (East), Mumbai 400069
Muzzafarpur (Bihar)	Brahman Toli, Durgasthan, Gola Road, Muzaffarpur 842001

Name of the Branch	Address
Mysore (Karnataka)	No.1, First Floor, CH.26, 7 th Main, 5 th Cross (Above Trishakthi Medicals), Saraswati Puram, Mysore 570009
Navsari (Gujarat)	Dinesh Vasani & Associates, 103 Harekrishna Complex, Above IDBI Bank, Near Vasant Talkies, Chimnabai Road, Navsari 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)	C-81, 1st Floor, Sector – 2, 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, 18 Ram Bagh, Near Scholar's School, 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. 7, Swamiji Sarani, Ground Floor, Hakimpara, Siliguri 734001
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 Bypass 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)	3rd floor, Gita Nivas, opp. Head Post Office, Halar Cross Lane, 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

VALUATION METHODOLOGY

1) Valuation of Debt & Money Market Instruments

TRADED

Assets	Methodology
Maturity > 365 days (except for G-Sec)	Valued at weighted average traded price available on public platform. Qualification criteria for considering the trades on the public platform – at least two trades aggregating to Rs.25 crores or more. Order of preference for the public platforms for consideration – 1. FIMMDA 2. NSE WDM 3. BSE WDM If market trades satisfying the above criteria are not available on the public platforms, AMC's own trade to be considered. Qualification criteria for considering AMC's own trades - trade of market lot or more i.e., Rs.5 crores or more . If the AMC's own trade(s) also do not satisfy the criteria, then the security will be treated as 'Non Traded'.
Maturity > 91 days (60 days from 30th Sep 2012) and ≤ 365 days (except for G-Sec and T Bills)	Valuation methodology same as that for maturity > 365 days (except for G-Sec) except for the qualification criteria for considering the trades on the public platform will be – at least three trades aggregating to Rs.100 crores or more.
Maturity ≤ 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills)	Valuation methodology same as that for maturity > 91 days (60 days from 30 th Sep 2012) and ≤ 365 days (except for G-Sec and T Bills).
T Bills Maturity ≤ 91 days (60 days from 30th Sep 2012)	Valued at average of the security level prices received from CRISIL or any other agency. Where the prices from CRISIL or any other agency are not available, the security will be valued at weighted average traded price available on The Clearing Corporation of India (CCIL) website* (which contains the data on trades settled through Negotiated Dealing System – Order Matching (NDS-OM) and Public Debt Office - Negotiated Dealing System (PDO-NDS)). Qualification criteria for considering the trades – at least three trades aggregating to Rs.100 crores or more. If market trades satisfying the above criteria are not available on CCIL website*, AMC's own trade to be considered. Qualification criteria for considering AMC's own trades - trade aggregating to Rs.5 crores or more. If the AMC's own trade(s) also do not satisfy the criteria, then the security will be treated as 'Non Traded'. *If the data is not available on CCIL website, the same will be sourced from NDS-OM and PDO-NDS.

NON- TRADED

Assets	Methodology
Maturity > 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills)	Mark to Market basis Aggregator Matrix Mark up/ mark down can be given or revised on the recommendation with rationale from Portfolio Manager and approval by Valuation Committee Members (No limit on mark up/down)
Maturity ≤ 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills)	Non-coupon bearing instruments will be valued by Amortisation on constant yield basis i.e., using last traded or valued yield. Coupon bearing instruments will be valued by Amortisation on straight line basis. The amortised price may be used for valuation as long as it is within ±0.10% of the reference price. In case the variance exceeds ±0.10%, the reference price will be considered for valuation. Reference price is the price derived from benchmark yields ± spread on account of trade. Note: The existing policy of valuation will be followed until the reference prices are available from Bond Valuer.

Assets	Methodology
T Bills Maturity ≤ 91 days (60 days from 30th Sep 2012)	Valued basis average of security level prices received from CRISIL or any other agency. Where the prices from CRISIL or any other agency are not available, the security will be valued by Amortisation on constant yield basis i.e., using last traded or valued yield.

Specific Securities

Assets	Methodology
T Bills Maturity > 91 days (60 days from 30th Sep 2012)	Valued basis average of security level prices received from CRISIL and ICRA.
G-Sec – Any Maturity	Valued basis average of security level prices received from CRISIL and ICRA.

Note: Due to limitation of Bond Valuer to value few floating rate Pass Thru Certificates, we will continue to obtain prices from CRISIL to value these securities.

2) Valuation of securities other than debt and money market securities:

Assets	Methodology
Traded Securities - equity / equity related security (such as convertible debentures, equity warrants, etc.)/preference shares	<ul style="list-style-type: none"> ➤ On a particular valuation day, these securities will be valued at the last quoted closing price on The Bombay Stock Exchange Limited (BSE). If a security is not traded on BSE, it will be valued at the last quoted closing price on National Stock Exchange of India Limited (NSE). If a security is not traded on BSE and NSE, it will be valued at the last quoted closing price on other recognised stock exchange where the security is traded. If the security is traded on more than one recognised stock exchanges (other than BSE and NSE), it will be valued at the last quoted closing price on the stock exchange as may be selected by the Valuation Committee, and the reasons for such selection will be recorded in writing. ➤ If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on BSE or NSE or other recognised stock exchange (in the order of priority) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.
Thinly Traded Securities	<p>When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc.)/preference shares in a month is less than Rs.5 lakh and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued as per the valuation principles laid down in the SEBI.</p> <p>For example, if the volume of trade is 100,000 and value is Rs.400,000, the share does not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rs.600,000, the share does not qualify as thinly traded.</p> <p>In order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.</p> <p>Where a stock exchange identifies the “thinly traded” securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same may be used by the mutual fund.</p> <p>If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.</p>
Suspended equity securities	In case trading in an equity security is suspended up to 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Valuation Committee will decide the valuation norms to be followed and such norms would be documented and recorded.
Non-traded / thinly traded equity securities	(a) Based on the latest available Balance Sheet, net worth shall be calculated as follows: Net Worth per share = [share capital + reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.

Assets	Methodology
	<p>(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.</p> <p>(c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.</p> <p>(d) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.</p> <p>(e) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.</p> <p>(f) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.</p> <p>To determine if a security accounts for more than 5% of the total assets of the scheme, it would be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.</p>
Unlisted Equity Shares	<p>a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:</p> <ol style="list-style-type: none"> i. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares. ii. Net worth per share shall again be calculated after taking into account the outstanding warrants and options, and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options} <p>The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.</p> <p>b. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.</p> <p>c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.</p> <p>The above methodology for valuation shall be subject to the following conditions:</p> <ol style="list-style-type: none"> i. All calculations as aforesaid shall be based on audited accounts. ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero. iii. If the net worth of the company is negative, the share would be marked down to zero. iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning. v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.
Equity and Equity related securities under lock in period / pending listing	<p>a. Illiquidity discount will be Nil for securities where the lock-in is less than 3 months.</p> <p>b. If the lock-in period for these securities is greater than 3 months, then the Valuation Committee will decide on the illiquidity discount to be applied, on a case to case basis.</p>
Valuation of Convertible Debentures and Bonds	<p>In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded paripassu with an existing instrument which is traded, the value of the latter instrument can be adopted after an</p>

Assets	Methodology
	appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in.
Valuation of Warrants	In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures must be deducted to account for the period which must elapse before the warrant can be exercised. If the warrants are traded, then the traded price will be considered for valuation.
Value of “Rights” entitlement	<p>a. Until they are traded, the value of the “rights” entitlement would be calculated as:</p> $V_r = \frac{n}{m} \times (P_{ex} - P_{of})$ <p>where V_r = Value of rights n = no. of rights Offered m = no. of original shares held P_{ex} = Ex-Rights price P_{of} = Rights Offer price</p> <p>b. Where the rights are not traded pari-passu with the existing shares, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value.</p> <p>c. If the rights are traded, then the traded price will be considered for valuation.</p>
Foreign Securities (other than units of overseas mutual funds / unit trusts which are not listed):	<p>There are no specific SEBI guidelines on valuation of foreign securities at present. In the absence of any guidelines, the following policy would be followed:</p> <ul style="list-style-type: none"> ➤ On a particular valuation day, the foreign equities will be valued at the last available traded or quoted price on the relevant stock exchange around the time of closure of Indian stock markets (which is currently 3:30 p.m. IST). If it is determined that market quotations (last traded/quoted prices) are not readily available or reliable for a particular security the Valuation Committee may apply fair value in accordance with Franklin Templeton Pricing Policies and Procedures. Additionally, if it is determined that a significant market event has occurred after security prices were established for a particular market or exchange but prior to the time of the NAV computation (3:30p.m. IST) the AMC reserves the right to apply fair valuation in accordance with Franklin Templeton Pricing Policies and Procedures. ➤ Valuation of Foreign Exchange Conversion: On the valuation day, all the assets and liabilities in foreign currency will be valued in Indian Rupees on the basis of Foreign Exchange rate quoted on Bloomberg/Reuters around the time such assets and liabilities are valued (which is currently around 3:30 p.m. IST). The Trustees/AMC reserves the right to change the source for determining the exchange rate. The reasons for the change in the source for determining the exchange rate will be recorded in writing. ➤ In case of subscription in subsequent public offer of an existing listed foreign security, we shall value the share at lower of cost or listed price till the new shares are listed. ➤ ADR / GDR - Listed: Last traded price of the market closed will be captured and considered for valuation. Unlisted: Price will be considered as per the issued terms of the underlying ordinary equity shares.
Valuation of Non- Performing Assets	<p>All Non – Performing Assets shall be valued in accordance with the Guidelines for Identification and Provisioning for Non Performing Assets (Debt Securities) For Mutual Funds issued by SEBI.</p> <p>An ‘asset’ shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income/ instalment has fallen due. The definition of NPA may be applied after a quarter past due date of the interest. For e.g. if the due date for interest is 30.06.2012, it will be classified as NPA from 01.10.2012.</p>

Assets	Methodology
Valuation of Derivative Products:	a. The traded derivative 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 SEBI Regulations. b. 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 SEBI Regulations.
Valuation of Repo	Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.
Equity and Equity related Securities awaiting listing (Merger/Demerger)	Valuation of merged entity will be arrived at by summation of previous day's last quoted closing price of the respective companies prior to merger. Where the demerged company is not immediately listed, valuation price will be worked out by using previous day's last quoted closing price before demerger reduced for last quoted closing price of the listed company.
Initial Public Offering (IPO) Application (prior to allotment)	Valued at Bid Price
Qualified Institutional Placement (QIP) / Follow on Public Offer (FPO)	Valued at Bid price or Market price, whichever is lesser

3) INTERSCHEME PRICES:

Debt & Money Market Instruments (Except G-Sec & T-Bills):

I. If the security is traded on the date of inter-scheme trade:

Assets Category	Methodology	End of Day Valuation
Maturity ≤ 91 days (60 days from 30th Sep 2012) (except G-Sec and T Bills)	Inter-scheme price will be weighted average traded price available on public platform. Qualification criteria for considering the trades on the public platform – at least three trades aggregating to Rs.100 crores or more. Order of preference for the public platforms for consideration – 1. FIMMDA 2. NSE WDM 3. BSE WDM If market trades satisfying the above criteria are not available on the public platforms, AMC's own trade to be considered. Qualification criteria for considering AMC's own trades - trade of market lot or more i.e., Rs.5 crores or more. If the AMC's own trade(s) also do not satisfy the criteria, then the security will be treated as 'Not traded'.	Valuation methodology same as that for traded security with maturity ≤ 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills)

Assets Category	Methodology	End of Day Valuation
Maturity > 91 days (60 days from 30 th Sep 2012) and ≤ 365 days (except for G-Sec and T Bills)	Same as above	Valuation methodology same as above.
Maturity > 365 days (except G-Sec)	Same as above except that the Qualification criteria for considering the trades on the public platform will be – at least two trades aggregating to Rs.25 crores or more.	Valuation methodology same as above except that the Qualification criteria for considering the trades on the public platform will be – at least two trades aggregating to Rs.25 crores or more.

II. If the security is non-traded on the date of inter-scheme trade:

Assets Category	Methodology	End of Day Valuation
Maturity ≤ 91 days (60 days from 30 th Sep 2012) (except G-Sec and T Bills)	(1) Previous day's Reference price from Bond Valuer. (2) Till the Bond Valuer is able to provide the reference price for these securities, we will obtain the price from CRISIL.	(1) If inter-scheme trade ≥ Rs. 5 crores, the price will be treated as last traded price. Valuation methodology will be as per non traded security with maturity ≤ 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills). (2) The price obtained from CRISIL will be adjusted for accruals for the day.
Maturity > 91 days (60 days from 30 th Sep 2012) and ≤ 365 days (except for G-Sec and T Bills)	Previous day's closing price	Valuation methodology same as non traded security with maturity > 91 days (60 days from 30th Sep 2012) (except for G-Sec and T Bills)
Maturity > 365 days (except G-Sec and T Bills)	Previous day's closing price	Same as above

Government Securities and Treasury Bills

Assets Category	Methodology	End of Day Valuation
G-Sec of any maturity and T Bills > 91 days	Trade day's opening price to be used for Inter-scheme i.e., T-1 day's price.	Valuation methodology same as Specific Securities.
T Bills Maturity ≤ 91 days	Previous day's average of the security level prices received from CRISIL or any other agency. Where the prices from CRISIL or any other agency are not available, then (A) If the security is traded, the inter-scheme price will be weighted average traded price available on the CCIL website* (which contains the data on trades settled through NDS-OM and PDO-NDS). Qualification criteria for considering the trades – at least three trades aggregating to Rs.100 crores or more. If market trades satisfying the above criteria are not available on the CCIL website*, AMC's own trade to be considered. Qualification criteria for considering AMC's own trades - trade aggregating to Rs.5 crores or more. If the AMC's own trade(s) also do not satisfy the criteria, then the security will be treated as 'Non Traded'. (B) If the security is not traded, inter-scheme price will be the	(A) If the security is traded, the valuation methodology will be same as traded T Bill with maturity ≤ 91 days (60 days from 30 th Sep 2012) (B) If the security is not traded, the valuation methodology will be same as non traded T Bill with maturity ≤ 91 days (60 days from 30 th Sep 2012)

Assets Category	Methodology	End of Day Valuation
	Trade day's opening price i.e., T-1 day's price. *If the data is not available on CCIL website, the same will be sourced from NDS-OM and PDO-NDS.	

Others

Assets	Methodology
Bank Fixed Deposit, CBLO / Reverse Repo	Valued at cost
Mutual Fund Units (Indian)	Last Published/Computed NAV
Mutual Fund Units (Overseas)	Last Published NAV