

SCHEME INFORMATION DOCUMENT

Templeton India Emerging Markets Fund

An Open – End Diversified Equity Fund

Offer of Units at Rs.10 each for cash (plus applicable load) during the New Fund Offer and at NAV based prices upon re-opening

New Fund Offer Opens on : _____
New Fund Offer Closes on : _____
Scheme re-opens on : _____

Mutual Fund : Franklin Templeton Mutual Fund
Asset Management Company : Franklin Templeton Asset Management (India) Pvt. Ltd.
Trustee Company : Franklin Templeton Trustee Services Pvt. Ltd.
Sponsor : Templeton International, Inc. (USA)

Address : Level 4, East Wing, Wockhardt Towers
Bandra – Kurla Complex, Bandra (East), Mumbai 400051

Website : www.franklintempletonindia.com

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

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

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

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

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

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

This Scheme Information Document is dated _____.

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01. HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Scheme	Templeton India Emerging Markets Fund (TIEMF)
Nature of the Scheme	An Open-end Diversified Equity Fund
Investment Objective	The Fund seeks to provide long-term capital appreciation by investing primarily in companies from Emerging and Frontier Markets and in companies that are, either directly or indirectly, benefiting from growth in the Emerging and Frontier Market economies.
Plans & Options	Growth Plan and Dividend Plan (with Reinvestment & Payout Option). Please note that where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.20/- or less, the same will be compulsorily reinvested in the Scheme .
New Fund Offer (NFO) Opens on	
NFO Closes on	
Scheme Re-opens for ongoing subscription and redemption on	
Pricing during NFO	During the NFO, the units will be offered at a price of Rs.10 per unit plus applicable load*
Pricing for on going subscription	Ongoing subscriptions / purchases will be at Applicable NAV, subject to applicable load*
Redemption Price	Redemptions / repurchases will be done at the Applicable NAV, subject to applicable load*
Load Structure	During NFO and upon reopening*: Entry Load – up to 3%; Exit Load – up to 1%
Minimum Amount	Subscription: Rs.5,000/- and any amount in multiple of Re.1/- thereafter Redemption: Rs.1,000/- and any amount in multiple of Re.1/- thereafter
Minimum Subscription to be collected by the Fund	The Scheme seeks to collect Rs.1 crore as the minimum subscription and would retain any excess subscription collected. If the Scheme does not collect the minimum subscription during the NFO, refund will be made within six weeks from the date of closure of the NFO.
Liquidity	Upon reopening, the scheme will be open for redemption on all Business Days. The redemption cheque will be despatched to the unitholders within the statutory time limit of 10 business days prescribed by SEBI. However, on a best effort basis the Fund will endeavour to despatch the redemption cheque within 4 working days after a valid redemption request is received at the Registrar's office.
Benchmark	MSCI Emerging Markets Index
Transparency / Disclosure	<ul style="list-style-type: none">• NAV will be normally calculated for all Business Days and released to the press.• NAV will be calculated up to four decimal places using standard rounding criteria.• The Fund would publish the half-yearly and annual results as per the SEBI Regulations.• Full Portfolio disclosure every half-year as per the SEBI Regulations.

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

02. INTRODUCTION

A. RISK FACTORS

STANDARD RISK FACTORS

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

SCHEME SPECIFIC RISK FACTORS

1. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments may be limited by overall trading volumes of the stock exchanges. Different segments of the Indian financial markets have different settlement periods, and such period may be extended significantly by unforeseen circumstances. The length of the settlements may affect the schemes in the event the schemes have to meet an inordinately large number of redemption. In view of the above, the Trustee at its sole discretion reserves the right to withdraw sale and/or repurchase/redemption or switching of the units in a scheme (including any one of the Plans of the scheme) temporarily or indefinitely. For details refer the Section '**Right to Limit Redemptions**'. The scheme will retain certain investments in cash or cash equivalent for the day to day liquidity requirements.
2. The performance of the scheme may be affected by the corporate performance, macro-economic factors, changes in Government policies, general levels of interest rates and risk associated with trading volumes, liquidity and settlement systems in equity and debt markets.

Risks associated with equity investment

3. The scheme proposes to invest primarily in equity and equity-related securities. Trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity-related securities.

Risks associated with overseas investment

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

Liquidity Risk

7. Risk will be monitored in terms of the number of days it takes to liquidate every stock in the portfolio assuming a share of the average volume traded over the previous one year. Efforts would be made to keep the average liquidation period under prudent limits prescribed internally.
8. The scheme may invest up to 5% of its net assets in unlisted equity and equity related instruments and invest in non-publicly offered debt securities, which could affect the liquidity of the scheme.

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

Risks associated with Securities Lending

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

Risks associated with Derivatives

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

Risks associated with Short-selling of Securities

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

Risks associated with debt investment

22. Investments in debt instruments are subject to default risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of debt instruments. Consequently, the Net Asset Value of the scheme may be subject to fluctuation.
23. Investments in debt instruments are subject to reinvestment risks as interest rates prevailing on interest or maturity due dates may differ from the original coupon of the bond, which might result in the proceeds being invested at a lower rate.
24. Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
25. Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investments in Securitised Debts. e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with Recourse will have a lower Credit Risk than a Bond without Recourse. Underlying Assets in Securitised Debt may be the Receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depend upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (*PAC*), Principal Only Class Tranches (*PO*) and Interest Only Class Tranches (*IO*) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cashflows that the investor receives in the securitised paper.
26. Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure
27. Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.
28. Money market securities, while fairly liquid, lack a well-developed secondary market., which may restrict the selling ability of the scheme.

B. REQUIREMENT OF MINIMUM NUMBER OF INVESTORS

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an

average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

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

D. DEFINITIONS

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

Applicable NAV	“Applicable NAV” is the Net Asset Value per unit applicable for the transaction (subscription / redemption / switch) based on the day and time on which the application is accepted at any ISC / Collection Centre, as evidenced by the electronic date / time stamp affixed at the ISC or Collection Centre.
Business Day	A day other than: <ul style="list-style-type: none">(i) Saturday and Sunday;(ii) a day on which The Bombay Stock Exchange Ltd. (BSE) and / or the National Stock Exchange of India Ltd. (NSE) are closed for business;(iii) a day on which normal business could not be transacted due to storms,

floods, bandhs, strikes or such other events as the AMC may specify from time to time;

- (iv) a day on which sale and repurchase of units is suspended by the AMC;
- (v) A day on which register of unitholders is closed;
- (vi) a day which is a holiday/non-working day at an ISC or a Collection Centre. However, it will be non business day for that location only.

The AMC reserves the right to declare any day as a Business Day or otherwise at any or all ISC's or Collection Centres.

The AMC also reserves the right to declare any day as a Non-Business Day for the Scheme if any of the relevant overseas stock exchanges are closed for business.

CDSC	Contingent Deferred Sales Charge
Entry Load / Sales Load	Load on subscriptions / purchases
Exit Load / Redemption Load	Load on redemption / repurchase other than CDSC
Equity linked instruments	Convertible bonds / debentures, warrants including warrants carrying the right to obtain shares, shares of different classes including preference shares, Foreign Currency Convertible Bonds (FCCB), Depository Receipts etc.
Emerging Markets	Countries that are covered under the MSCI Emerging Market indices, IFC Emerging Market indices, FTSE Emerging Market indices or any Emerging Market indices published by other independent agencies.
Frontier Markets	Countries that are covered under the MSCI Frontier Markets indices, IFC Frontier Markets indices, FTSE Frontier Markets indices or any Frontier Markets indices published by other independent agencies.
Feeder Fund	Feeder Fund means any Foreign Institutional Investor (FII) through their sub-account or any scheme/fund/portfolio established in India or otherwise that invests primarily in the schemes of Franklin Templeton Mutual Fund.
Foreign Securities	Depository Receipts (DR) / Foreign Currency Convertible Bond (FCCB) issued by Indian companies, shares of different classes / stocks / warrants / DRs of overseas companies, foreign debt securities (short term as well as long term debt instruments – convertible or non convertible), foreign government securities, units/securities issued by overseas mutual funds or unit trusts, overseas exchange traded funds (ETFs), foreign derivatives and such other overseas financial assets/instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.
Eligible Investment Amount	The maximum amount that can be invested, by all the schemes of Franklin Templeton Mutual Fund in Foreign Securities, calculated based on the cost of investments in Foreign Securities as per the RBI Circular AP (DIR) Series Circular No. 12 dated September 26, 2007 read with SEBI Circular No. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, that currently permits the Fund to invest only up to US\$300 million in Foreign Securities and up to US\$ 50 million in ETFs. The Eligible Investment Amount may change in case the aforesaid limits are revised by SEBI/RBI from time to time.
ISC	Investor Service Centre of the Asset Management Company
Collection Centres	The location (other than ISC) that is declared as an official point of acceptance for all transactions but where no Investor or Distributor services are offered. These locations would only accept and acknowledge transactions as per SEBI guidelines.
Money Market Instruments	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, (repos / reverse repos), CBLO and any other like instruments as specified by the Reserve Bank of India from time to time including mibor linked securities, call products having unexpired maturity up to one year

NAV	Net Asset Value of the Units of Templeton India Emerging Markets Fund
SAI	Statement of Additional Information of Franklin Templeton Mutual Fund
Scheme Information Document	The document issued by Franklin Templeton Mutual Fund offering units of Templeton India Emerging Markets Fund.
Repo / Reverse Repo	Sale/Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.
Scheme	Templeton India Emerging Markets Fund (TIEMF).
Unit	The interest of an investor, which consists of, one undivided shares in the Net Assets of Templeton India Emerging Markets Fund.
Unitholder	A person holding Units in Templeton India Emerging Markets Fund.

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

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

E. DUE DILIGENCE CERTIFICATE

Templeton India Emerging Markets Fund

It is confirmed that:

- i. the draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- ii. all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- iii. the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- iv. the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Shilpa Shetty
Compliance Officer

Date: June 20, 2008

Place: Mumbai

03. INFORMATION ABOUT THE SCHEME

A. NAME & TYPE OF THE SCHEME

Templeton India Emerging Markets Fund, an open-end diversified equity fund.

B. INVESTMENT OBJECTIVES & POLICIES

TIEMF is an open end equity fund which seeks to provide long-term capital appreciation by investing primarily in companies from Emerging and Frontier Markets and in companies that are, either directly or indirectly, benefiting from growth in the Emerging and Frontier Market economies.

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

C. ASSET ALLOCATION PATTERN

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

Instruments	Risk Profile	As % of Net Assets (Min. – Max.)
Equities and Equity Linked instruments[@]	Medium to High	80% - 100%
- Emerging Markets		65% - 100%
- Frontier Markets		0% - 20%
- Other countries		0% - 25%
Debt securities* and Money Market Instruments	Low to Medium	0% - 20%

[@] including investments in units/securities of overseas mutual funds/unit trusts and such other foreign securities/ instruments as may be permitted by SEBI/RBI

* including securitised debt up to 20%

- The scheme would predominantly invest in securities of Emerging Market and Frontier Market companies and/or of companies that are, either directly or indirectly, benefiting from growth in the Emerging and Frontier Market economies.
- The total investment by the scheme in Foreign Securities may be up to 100% of its net assets, subject to the Eligible Investment Amount.
- The scheme may take exposure in derivatives up to a maximum of 50% of its net assets.
- A maximum of 50% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 25% of net assets outstanding at any point of time.
- The scheme may invest in government securities, or securities which are supported by the Central or a State Government, up to the extent of its debt/money market allocation.
- The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
- It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.

D. WHERE WILL THE SCHEME INVEST

Subject to the SEBI Regulations and guidelines issued by SEBI on overseas investments, the Scheme may invest in various types of instruments including, but not limited to, any of the following:

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

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

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

INVESTMENT IN FOREIGN SECURITIES

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

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

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

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

format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

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

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

SECURITIES LENDING

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

The AMC will comply with the required reporting obligations and the Trustee will carry out the reviews required under SEBI/RBI guidelines.

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

SHORT SELLING OF SECURITIES

If permitted by SEBI Regulations, the Scheme may engage in short selling of securities in accordance with the guidelines issued by SEBI. Short sale of securities means selling of securities without owning them.

The AMC will comply with the guidelines issued by SEBI in this behalf, including reporting obligations and the Trustee will carry out the reviews required under said guidelines.

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

INVESTMENTS IN DERIVATIVE INSTRUMENTS

Brief note on investment in derivative instruments

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

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

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

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

Position Limits:

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI vide circulars No.

DNPD/Cir-29/2005 dated September 14, 2005 and DNPD/Cir-30/2006 dated January 20, 2006. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. These limits will be reviewed by the AMC from time to time.

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

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

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

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

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

iii. Additional position limit for hedging

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

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

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

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

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

v. Position limit for each scheme of a Mutual Fund

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

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

Valuation:

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

Stock and Index Options:

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

Strategies that employ Options:

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

Risks:

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

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

Risks:

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

Writing a Call Option: Let us assume that the Fund owns shares of XYZ Ltd., which are trading at Rs. 1000. The Fund wishes to sell these shares at Rs.1100. It can write call option at Rs. 1100 and earn a premium of, say, Rs. 20. If the option is not exercised, the Fund earns a premium and if the stock price does reach Rs. 1100, the premium adds to the profits that the Fund would have booked by selling at that price. In this case, if the stock price of XYZ Ltd. is less than Rs. 1100, the Fund earns Rs 20 and if it closes above Rs. 1100 and the option gets exercised by the buyer, the Fund gets the strike price of Rs. 1100 plus a premium of Rs. 20, i.e. effectively Rs. 1120. Any loss because of stock price movement beyond Rs. 1120 is an opportunity loss, as the Fund would otherwise have sold the shares at Rs. 1100.

Risks:

A trader who believes that a stock's price will decrease can sell a call. The trader selling a call has an obligation to sell the stock to the call buyer at the buyer's option. If the stock price decreases, the short call position will make a profit in the amount of the premium. If the stock price increases over the exercise price by more than the amount of the premium, the short will lose money, the potential loss is unlimited.

Writing a Put Option: Let us assume that the fund wants to buy a share of ABC @ 100, the current price of the stock being Rs. 120/- The fund can choose to write a Put Option with the strike price @ Rs. 100/- and earn a small premium of say Rs. 2/- In case the stock comes below Rs. 100/- the buyer of the Put option will exercise it and the fund can enter the stock at its desired price (In this case Rs. 100- Rs. 1 = Rs 99). In case the stock trades @ Rs. 120/- the option-holder will not exercise the option and let it expire. In this case the fund will earn the premium income of Rs. 2/-

Risks:

For an option buyer, loss is limited to the premium that he has paid and gains are unlimited. The risk of an option writer i.e. the seller of the option, is unlimited while his gains are limited to the premiums earned. The above example is for the purpose of illustrating the use of call options in individual stocks. Similar analogy can be used for Index Options too when the fund wishes to hedge a part of the total portfolio or

cash.

Stock and Index Futures:

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

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

Strategies that employ Index Futures:

Illustrative list of strategies that can employ index futures:

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

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

Risks:

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

Strategies that employ Stock Futures:

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

Risks:

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

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

Risks:

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

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

Risks:

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

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

Risks:

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

Interest Rate Swaps:

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

Let us look at an example of an interest rate swap:

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

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

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

On December 1, they will calculate as explained below:

Entity A is entitled to receive daily compounded call rate for 92 days and pay 8% fixed.

Entity B is entitled to receive interest on Rs.20 crores @ 8% i.e. Rs.40.33 lakhs, and pay the compounded benchmark rate.

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

Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is

the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

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

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

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

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

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

E. PROCEDURE FOR INVESTING / INVESTMENT STRATEGY

The Scheme follows an investment process to achieve its investment objectives. An Investment process note wherein broad parameters have been laid down for making investment decisions was discussed with the Chief Executive Officer (CEO) and subsequently approved by the Boards of the AMC and the Trustee Company. 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. Further the trades would be executed by Global Equity Trading Team network, which also includes equity trading function based in Chennai.

The stock selection for TIEMF would generally be based on constructing a diversified portfolio in line with the investment objectives. Since TIEMF seeks to look at stocks of companies from emerging / frontier markets or companies benefiting from the growth of emerging / frontier market economies, as one of the major parameters to meet its investment objectives, TIEMF would look at that parameter while making investment decisions.

The investment team also has access to the vast resources and support of the Templeton Emerging Markets Group headed by Dr. J. Mark Mobius, based on which investment decisions are taken.

The ongoing review of the fund is supported by periodic internal analysis and is also reviewed by the Board of Directors of the AMC and the Board of Trustees on a regular basis at the Board Meetings.

Although the investment objective is to provide long-term capital appreciation by investing in securities of Emerging Market and Frontier Market companies and/or of companies benefiting from the growth of Emerging Market / Frontier Market economies, for consistent external benchmark comparison purposes, generally the MSCI Emerging Markets Index could be used.

F. FUNDAMENTAL ATTRIBUTES

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

- **Type of scheme** – Open-end Diversified Equity Fund.

- **Investment objective** – The Fund seeks to provide long-term capital appreciation by investing in securities of Emerging and Frontier Market companies and/or of companies that are, either directly or indirectly, benefiting from growth in the Emerging and Frontier Market economies.
- **Investment pattern, minimum and maximum asset allocation.** - Please refer to the section “Investment Objectives and Policies”. The fund retains the option to alter the asset allocation on a short-term basis in the interest of unitholders on defensive considerations.
- **Liquidity provisions such as repurchase or redemption** – Please refer to the section ‘Redemption of Units’.
- **Aggregate fees and expenses charged to the scheme** - Please refer to the section ‘Summary of Expenses and Financial Information’.
- **Any Safety Net of Guarantee provided** – None.

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

- a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nation wide circulation as well as a newspaper published in the language of the region where the head office of the mutual fund is situated; and
- the unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. BENCHMARK

The scheme has identified **MSCI Emerging Markets Index** as the benchmark.

Considering that the Scheme invests primarily in emerging market stocks, MSCI Emerging Markets Index has been chosen as the benchmark. The AMC / Trustee reserve the right to change / modify the benchmark by issuing an addendum.

H. WHO MANAGES THE SCHEME

Mr. Chetan Sehgal and Mr. Vikas Chiranewal (dedicated for making investments in Foreign Securities). Their details are as follows:

Name	Age	Qualifications	Functions & Experience
Chetan Sehgal Total Experience: 12 years	39 years	B.E. (Mech), PGDBA (IIM- Bangalore), CFA	Director, Research - India 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: 3 Years	27 years	B.Com.(Hons), PGDM(IIM, Lucknow), CFA (USA)	Vice President, Emerging Markets Group (based at Mumbai) He is responsible for investments in ADRs/GDRs/ Foreign Securities and overseas ETFs (for Templeton Equity Team), Research for the Emerging Markets Group and related activities. Prior assignment: <ul style="list-style-type: none"> • Manager, Morgan Stanley Advantage Services Pvt. Ltd. (April 2004 – January 2006). Handled

Name	Age	Qualifications	Functions & Experience
			Equity Research for US listed REITS. <ul style="list-style-type: none"> Junior Information Analyst, McKinsey Knowledge Center Pvt. Ltd. (June 2001 – June 2002). He was part of Research team for Consulting Assignments.

The scheme will benefit from the research activities of Templeton Emerging Markets Group headed by Dr. J. Mark Mobius. The group also has Mr. Rajesh Sehgal as a back-up allocator based in Mumbai.

I. INVESTMENT RESTRICTIONS

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

- Investment in securities from the scheme's corpus would be only in transferable securities in accordance with Regulation 43 of Chapter VI of SEBI [Mutual Funds] Regulations, 1996.
- The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities; provided that the Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI; provided further that the Scheme may enter into derivatives transactions in a recognised stock exchange, subject to the framework specified by SEBI.
- The Mutual Fund shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long term nature.
- No investment shall be made in any Fund of Funds scheme.
- The Scheme may invest in any other scheme without charging any fees, provided that aggregate interscheme investment made by all schemes under the management of Franklin Templeton Asset Management (India) Private Limited or in schemes under the management of any other AMC shall not exceed 5% of the net asset value of the mutual fund.
- Franklin Templeton Mutual Fund, under all its schemes shall not own more than 10% of any company's voting rights.
- The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV with prior approval of the Trustees and Board of the AMC, provided that such limit shall not be applicable for investment in government securities and money market instruments. Further, investment within such limit can be made in mortgage backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.
- The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investment shall be made with the prior approval of the Trustee and the Board of the AMC.
- Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of Seventh Schedule to SEBI Regulations.
- The fund may invest in various type of securitisation issuances, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralised Loan Obligation / Collateralised Bond Obligation and so on.
- 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.
- 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.
- The scheme can invest a maximum of 5% of the net assets in unlisted equity and equity related instruments. The exit route in such cases is usually through an offer to the public at a later date.
- The scheme shall not invest more than 10% of its net assets in the equity or equity related instruments of any company.
- In terms of SEBI Circulars dated September 26, 2007 each mutual fund is currently permitted to invest up to US\$300 million irrespective of the size of the assets. The ceiling for investment in overseas

ETFs that invest in securities is US\$ 50 million per mutual fund.

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

17. Pending deployment of funds in securities in terms of investment objectives of the Scheme, the Mutual Fund can invest the funds of the scheme in short term deposits of scheduled commercial banks in line with SEBI Circular dated April 16, 2007.
18. The scheme may consider investment in other financial market investments as per guidelines issued by the Central Government/SEBI/RBI from time to time.

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

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

J. HOW HAS THE SCHEME PERFORMED

This scheme is a new scheme and does not have any performance track record.

PORTFOLIO TURNOVER

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

INVESTMENT BY AMC IN THE SCHEME

Franklin Templeton Asset Management (India) Private Limited, the asset management company may invest in Templeton India Emerging Markets Fund (TIEMF). However, as per SEBI (Mutual Funds)

Regulations, 1996, Franklin Templeton Asset Management (India) Private Limited will not charge any Investment Management Fee for its investment in TIEMF. In addition, the funds managed by the sponsors, Franklin Templeton Group may invest in TIEMF.

03. UNITS AND OFFER

PLAN AND OPTIONS

The scheme offers two Plans – **Growth Plan** and **Dividend Plan**. The Dividend Plan further offers choice of **Reinvestment option** and **Payout Option**.

Growth Plan

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

Dividend Plan

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

Please note that where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.20/- or less, the same will be **compulsorily reinvested in the scheme**.

Dividend Reinvestment Option

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

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

DEFAULT PLAN/OPTION

The investors must clearly indicate the plan/option (Growth or Dividend / Payout or Reinvestment) in the relevant space provided for in the Application Form. In the absence of such instruction, it will be assumed that the investor has opted for the **Default Option**, which is **Dividend Reinvestment Option**. The Trustee / AMC reserve the right to alter / vary the default plan / option, after giving notice.

DIVIDEND POLICY

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

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

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

Dividends will be paid by cheque, net of taxes as may be applicable, and payments will be in favour of the Unitholder's registered name or, if there is more than one registered holder, of the first-named registered

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

Record dates for declaration of dividend

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

Who Can Invest

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

1. Adult individuals, either singly or jointly (not exceeding three), resident in India.
2. Parents/Guardian on behalf of minors.
3. Companies/ Domestic Corporate Bodies/ Public Sector Undertakings registered in India.
4. Charitable, Religious or other Trusts authorised to invest in units of mutual funds.
5. Banks, Financial Institutions and Investment Institutions.
6. Non-Resident Indians, Persons of Indian Origin residing abroad (NRIs) on full repatriation basis and on non-repatriation basis but not United States Persons within the meaning of Regulation S under the United States Securities Act of 1933, as amended from time to time.
7. Foreign institutional investors and their sub accounts on full repatriation basis (subject to RBI approval).
8. Hindu Undivided Family (HUF).
9. Wakf Boards or Endowments / Societies (including co-operative societies) / Association of Persons or Body of individuals (whether incorporated or not), Trusts and clubs authorised to invest in units of mutual funds.
10. Sole Proprietorship, Partnership Firms.
11. An association of persons or body of individuals whether incorporated or not.
12. Army/Air Force/Navy/Para-military funds and other eligible institutions.
13. Scientific and/or industrial research organizations.
14. Other Associations, Institutions, Bodies etc. authorized to invest in the units of mutual funds.
15. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.
16. Mutual fund schemes can also invest in the Scheme subject to SEBI regulations applicable from time to time.

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

AVAILABILITY OF FORMS

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

MANDATORY INFORMATION

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

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the

Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected.

In terms of SEBI circular dated April 27, 2007 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. Thus, submission of PAN is mandatory for all existing as well as prospective investors (including all joint applicants/holders, guardians in case of minors and NRIs) 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) **are liable to be rejected.**

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

A. NEW FUND OFFER (NFO)

This is the period during which a new scheme sells its units to the investors. The New Fund Offer (NFO) is open for subscription as follows:

NFO opens on: _____

NFO closes on: _____

The AMC retains a right to extend the NFO Closing Date subject to the condition that the NFO shall not be kept open for more than 30 days. The AMC also reserve the right to close the subscription list earlier by giving at least one day's prior notice in one English daily newspaper having nation wide circulation as well as a newspaper published in the language of the region where the head office of the mutual fund is situated.

NFO Price

This is the price per unit that the investors have to pay to invest during the NFO. All purchases during the NFO will be at Rs.10/- per Unit plus applicable load.

Minimum Application Amount

Rs.5,000/- and any additional amount in multiple of Re. 1/- thereafter.

Minimum and Maximum Target Amount

This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.

The Scheme seeks to collect Rs.1 crore as the minimum subscription and would retain any excess subscription collected.

If the Scheme does not collect the minimum subscription during the New Fund Offer, refund will be made within 6 weeks of the date of closure of the NFO. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.

Where can you submit the filled up Application Form

During the NFO, investors can subscribe to the units of the Scheme by completing the Application Form and delivering it along with full payment at the designated branches of the Collecting Bankers.

A list of the addresses of the collecting Bankers is given at the end of this Scheme Information Document.

How to apply

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

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

Allotment of Units / Refund

Full allotment will be made to all valid applications received during the New Fund Offer (NFO) and during continuous offer period. Allotment of Units on Application shall be made in the following manner:

- a) An Account Statement containing the number of Units allotted will be issued within 30 days from the date of allotment.
- b) Refund of subscription money to applicants, in case applications are invalid or rejected will be made within six weeks from the date of closure of the NFO without any return. No interest will be payable on any subscription money so refunded within six weeks. If the Mutual Fund refunds the amount after six weeks, interest at the rate as may be prescribed by SEBI (presently 15% p.a.) shall be paid out of the assets of the AMC for the period thereafter. Refund orders will be marked "A/c Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases.

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

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

Fractional Units

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

LISTING

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

B. ONGOING OFFER DETAILS

The Scheme re-opens for continuous purchase and redemption day on _____ and is perpetually open thereafter for subscription & redemption with announcements of NAV for every Business Day, except during the period when there is a book closure.

The AMC also reserves the right to extend the reopening date but not later than 30 days from the closure of the NFO.

Upon reopening, the Units can be purchased and redeemed at the Applicable NAV, subject to applicable load.

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

Where can you submit the filled up Application Form

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

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

How to apply

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

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

Sale Price for ongoing purchases

For on-going subscriptions, sale price is calculated based on the “Applicable NAV” and will additionally include the permissible load in terms of the SEBI Circular no. MFD/CIR/08/514/2002 September 22, 2002 (computed in the manner described hereunder) depending on the amount invested, as explained under the head Expenses.

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

“Applicable NAV” is the Net Asset Value per unit of the business day on which the application for subscription is accepted on or before the cut off time.

The sales load shall be charged as a percentage of Net Assets Value (NAV) i.e. applicable load as a percentage of NAV will be added to NAV to calculate the sale price.

To further elaborate, the sale price is calculated by multiplying the “Applicable NAV” by (1 + Sales Load). The sale price will be calculated to four decimals using standard rounding criteria. For example, if the Applicable NAV for Subscription (rounded) is Rs.12.3254 and the sales load applied is 3%, the POP / Sale Price will be calculated as follows:

Sale Price	=	Applicable NAV for Subscription * (1+ Sales Load)
	=	12.3254 * (1+0.03)
	=	Rs.12.695162
		Rounded off to Rs.12.6952

Amount of investment = Rs.10,000/-

The number of units allotted = Rs.10,000 / 12.6952

= 787.699 (rounded off)

CUT OFF TIMING FOR SUBSCRIPTIONS

Pursuant to SEBI Circulars SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, the cut off timings and the applicability of Net Asset Value of the scheme is under:

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

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

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

As per SEBI Circular SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, FTMF hereby declare all its branch offices [Investor Service Centres (ISC)], the designated branch offices of **Karvy Computershare Private Limited** (Karvy) and **Computer Age Management Services Private Limited** (CAMS) (termed as **Collection Centres**) and FTMF's website (www.franklintempletonindia.com) as the Official Points of Acceptance of Transactions. The “cut off time” mentioned in the Scheme Information Document shall be reckoned at these official points. All redemption/switch applications must be demonstrably received by the Mutual Fund at these “Official Points of Acceptance of Transactions”.

Allotment of Units / Refund

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

days from the date of allotment.

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

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

Fractional Units

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

How to Redeem Units

Redemption of the Units will be made on any Business Day at the Applicable NAV.

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

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

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

Redemption Price

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

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

"Applicable NAV" is the Net Asset Value per unit of the business day on which the application for redemption is accepted on or before the cut of time.

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

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

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

CUT OFF TIMING FOR REDEMPTIONS

Pursuant to SEBI Circulars SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, the cut off timings and the applicability of Net Asset Value of the scheme is under:

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

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

As per SEBI Circular SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, FTMF hereby declare all its branch offices [Investor Service Centres (ISC)], the designated branch offices of **Karvy Computershare Private Limited** (Karvy) and **Computer Age Management Services Private Limited** (CAMS) (termed as **Collection Centres**) and FTMF's website (www.franklintempletonindia.com) as the Official Points of Acceptance of Transactions. The "cut off time" mentioned in the Scheme Information Document shall be reckoned at these official points. All redemption/switch applications must be demonstrably received by the Mutual Fund at these "Official Points of Acceptance of Transactions".

Minimum redemption amount

Rs.1,000/- or any amount thereafter in multiples of Re.1/-.

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

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

The Mutual Fund may close out an investor's account whenever, due to redemptions, the value of the account falls below the minimum account balance of Rs.1,000/-, and the investor fails to purchase sufficient Units to bring the value of the Account up to the minimum amount or more, after written notice is sent by the Mutual Fund.

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.

SPECIAL PRODUCTS AVAILABLE

Exchanges / Switch

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

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

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

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

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

For any application of switch-in from other Franklin Templeton Schemes into TIEMF received on any day during the NFO, the application will be deemed to have been received on the last day of the NFO and will be processed accordingly. However, in case the last date of the NFO is a non-Business Day for the Source scheme, the application will be deemed to have been received on the last Business Day for the Source scheme immediately preceding the last date of the NFO and will be processed accordingly. In case the Source Scheme is a closed-end scheme which offers limited redemption facility, which is available only during the stipulated redemption periods, the switch application will be deemed to have been received on the last day of the relevant redemption window and processed accordingly.

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

SYSTEMATIC INVESTMENT PLAN (SIP)

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

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

SIP during NFO:

- Franklin Templeton Mutual Fund will accept a minimum of 12 instalments each of Rs. 1,000/- or more

from any SIP investor during the NFO.

- For such applications, the first instalment shall be by cheque and the cheque should be dated on or before the date of submission of the Application Form. The payment for the second and subsequent SIP instalments shall be made only through ECS/Direct Debit or any other manner acceptable to the AMC.
- There shall be a gap of at least 60 days between the date of closure of the NFO and the date of second SIP instalment (i.e. the first instalment through ECS/Direct Debit).
- All the SIP instalments (except the first one) must be uniformly dated i.e. either the 1st, 7th, 10th, 20th or 25th of a month. The date of second instalment should be a date falling after 60 days from the date of NFO closure. All instalments should be for the same amount.
- To effect the ECS/Direct debit, investors must provide a cancelled cheque or copy thereof for the same account from which the ECS/Direct Debit is to be done.
- Load: For the SIP registered during the NFO, the entry and exit load applicable to the first instalment shall be the load as applicable for NFO purchase. For subsequent instalments, the entry and exit load applicable shall be the load as applicable for normal purchases during ongoing sale [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].

SIP during ongoing sales:

- Franklin Templeton Mutual Fund will accept a minimum of 12 cheques ('cheques' include ECS/Direct Debit instructions or any other mode of payment accepted by the AMC from time to time) each of Rs.500/- or more or a minimum of 6 cheques each of Rs.1,000/- or more from any SIP investor.
- All the SIP cheques (except the first one) must be uniformly dated i.e. either the 1st, 7th, 10th, 20th or 25th of a month. Investors can invest at Monthly or Quarterly intervals by providing post-dated cheques. All cheques should be for the same amount.
- Only one instalment per month/quarter is allowed under one SIP registration. e.g., if for a monthly SIP, the first instalment is in the month July, say 2nd July, then the second instalment should be in August.
- To effect the ECS/Direct debit, investors must provide a cancelled cheque or copy thereof for the same account from which the ECS/Direct Debit is to be done.
- Load: For all SIP purchase transactions during ongoing sale, the entry and exit load as applicable for normal purchases shall be applicable [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].

Terms & Conditions applicable for all SIP:

- In case the specified date of SIP instalment is a non-business day for the scheme, the SIP will be processed on the following business day for that scheme.
- If during the currency of a SIP, the unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing SIP and re-registration of a new SIP and all the terms and conditions of the SIP such as minimum term/amount etc. shall apply in both plans/options.
- The AMC reserves the right to discontinue the SIP in case of cheque return or rejection of ECS/Direct Debit by the bank for any reason, and debit the return / rejection charges to the investors' account.
- Franklin Templeton Investments will not be responsible for any delay/non-processing of ECS/Direct Debit transaction where it is attributable to any incorrect/incomplete information provided by the investor.
- Franklin Templeton Investments shall not be responsible and liable for any damages/compensation for any loss, damage etc., incurred by the investor. The investor assumes the entire risk of using the ECS/Direct Debit facility and takes full responsibility for the same.
- Investor will not hold Franklin Templeton Investments and its service providers responsible if the transaction is delayed or not effected by the investor Bank or if debited in advance or after the specific SIP date due to various reasons.
- The Trustee/AMC reserves the right to modify or discontinue the SIP facility at any time in future on a prospective basis.

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

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

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

Average price (per unit) per quarter (quarters) = Rs.12.0000 (i.e. Rs. 48/4).

Average cost per unit = Rs.11.6129 (i.e. Rs. 4000/344.444 units).

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

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

SYSTEMATIC TRANSFER PLAN (STP)

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

Unitholders may change the amount (but not below the specified minimum) by giving written notice to the registrars.

The unitholder may avail of this plan by completing the enclosed Application Form or by filling up the relevant portion of the transaction statements. A systematic transfer plan may be terminated on appropriate written notice by the unitholder of the fund, and it will terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unitholder. The Investment Manager may change rules relating to the plan from time to time.

Highlights:

This facility is available in the following schemes/plans ("Source Schemes"): Templeton India Income Fund (TIIF), Templeton India Income Builder Account (TIIBA), Templeton Monthly Income Plan (TMIP), FT India Monthly Income Plan (FTIMIP), Templeton India Government Securities Fund (except PF Plan) (TGSF), Templeton Floating Rate Income Fund (TFIF), Templeton India Short-Term Income Plan (TISTIP), Templeton India Treasury Management Account (TITMA) and Templeton India Ultra-short Bond Fund (TIUBF).

- 1) In order to start the STP facility, the minimum account balance under Fixed Amount Option should be Rs. 12,000, and the same under Capital Appreciation Option should be
 - o Rs. 5,00,000/- for Weekly Transfer of Funds facility (Weekly STP)
 - o Rs. 1,00,000/- for Monthly Transfer of Funds facility (Monthly STP)
 - o Rs. 1,00,000/- for Quarterly Transfer of Funds facility (Quarterly STP),
 except in TITMA – Institutional Plan where the same should be Rs. 1,00,00,000.
- 2) Destination Scheme: The investors may choose Franklin Asian Equity Fund for transferring the amount from the Source Scheme.
- 3) Options: There are two options available, Fixed Amount Option and Capital Appreciation Option. The Capital Appreciation option will be available only under the growth plans of the Source schemes.
- 4) Frequency: The frequency can be Weekly, Monthly or Quarterly.
- 5) Transfer of Funds:

Transfer of Funds	Fixed Amount Option	Capital Appreciation Option
Weekly STP	A fixed amount can be transferred on the 7 th , 14 th , 21 st and 28 th day of every month to the specified Destination Scheme	The capital appreciation as on the immediately preceding business day for the Source Scheme can be transferred to the specified Destination Scheme, on the 7 th , 14 th , 21 st and 28 th day of every month.
Monthly STP/ Quarterly STP	A fixed amount can be transferred on a pre-specified date (to be chosen by the investor) of every month/every quarter to the specified Destination Scheme	The capital appreciation as on the last business day of every month/quarter can be transferred to the specified Destination Scheme

- 6) In case the specified date is a non-business day for either the Source Scheme or the Destination Scheme, the STP will be processed on the following business day for both the schemes. The STP will be applicable subject to the terms of the destination scheme.

- 7) Minimum Amount and Term:

(a) Under the Fixed amount option

Transfer Frequency	Destination Scheme
Weekly STP	Rs. 500 per week for 6 months
Monthly STP	Rs. 1,000 per month for 6 months or Rs. 500 per month for 12 months
Quarterly STP	Rs. 1,000 per quarter for 6 quarters or Rs. 500 per quarter for 12 quarters

(b) Under Capital Appreciation Option, the minimum terms shall be 6 months.

- 8) Load: For all STP purchase transactions, the entry and exit load as applicable in the Destination Scheme for normal purchases shall be applicable. Further, for all STP (out) transactions, an exit load as applicable in the Source Scheme shall be levied [Normal purchases are purchases at the minimum subscription amount specified for each respective scheme, other than purchases through SIP, STP(in), DTP(in) or Exchange/Switch(in)].
- 9) At least 7 days' prior intimation should be given to the Mutual Fund for commencement of a fresh STP or cancellation/termination of an existing STP.
- 10) If during the currency of a STP, the Unitholder changes the plan or option in which he/she had invested, the same would be treated as termination of existing STP and re-registration of a new STP and all the terms and conditions of the STP such as minimum term/amount etc. shall apply in both plans/options.
- 11) If in case of a monthly/quarterly STP with Fixed Amount Option, if the unitholder specifies 30th or 31st of the month (28th/29th in case of February) as the "Specified Date" for the STP transaction, then the STP shall be processed on the day, which is the last business day in that month for both the schemes.
- 12) Where the Start Date of the STP is not mentioned, then for an STP under Monthly/Quarterly option, the Start Date shall be deemed as follows:

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

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

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

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

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

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

Note:

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

DIVIDEND TRANSFER PLAN (DTP)

This facility is available to the investors of various dividend plans (except Daily Dividend and Weekly Dividend Plans) of Templeton India Income Fund (TIIF), Templeton Monthly Income Plan (TMIP), Templeton India Short-Term Income Plan (TISTIP), Templeton India Government Securities Fund (TGSF), Templeton Floating Rate Income Fund – Long Term Plan (TFIF-LT), FT India Monthly Income Plan (FTIMIP) and Templeton India Income Builder Account (TIIBA).

An investor can select this facility whereby the dividend declared in any of these schemes (Source Scheme) will be automatically invested into selected Franklin Templeton Open-ended Equity or Hybrid schemes.

Highlights:

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

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

transfer.

A dividend transfer plan may be terminated on appropriate written notice by the unitholder of the fund. The Investment Manager may change rules relating to the plan from time to time.

SYSTEMATIC WITHDRAWAL PLAN (SWP)

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

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

Unitholders may change the amount by giving appropriate written notice to the Registrars. A Systematic Withdrawal Plan may be terminated on written notice by the unitholder of the Fund, and it will terminate automatically if all Units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the Unitholder.

Highlights:

- In order to start the SWP facility, the minimum account balance should be Rs.25,000/-.
- The frequency can be Monthly or Quarterly.
- There are two options available:
 - (a) **Fixed amount:** A fixed amount can be withdrawn either on the 15th or the last business day of every month/quarter.
 - (b) **Capital Appreciation:** The capital appreciation as on the last business day of the month can be withdrawn.
- Load: For all SWP purchase transactions, the exit load as applicable for normal purchases shall be applicable.
- Minimum withdrawal: Under the Fixed amount option, the minimum withdrawal will be Rs.1,000/-.
- Where the Start Date of the SWP is not mentioned, then the same shall be deemed to be the first available SWP date depending upon the option chosen by the unitholder, after a period of 7 days after the date of submission of the SWP request.
- An investor cannot simultaneously participate in an SIP and SWP in the same scheme.
- This facility is not available for investments under lock-in period.

Here is an illustration using hypothetical figures to explain the concept of a Systematic Withdrawal Plan. Let us assume that Mr. ABC has invested Rs.10,000/- and been allotted 1000 units during the initial offer. Subsequently he would like to receive Rs.1,000/- for a period of four months, commencing from the beginning of the next month.

Month	Opening Balance of Units	Amount Withdrawn (RS.)	Applicable NAV (RS.)	No. of units redeemed	Closing Balance of Units
1.	1000.000	1000	12.0000	83.333	916.667
2.	916.667	1000	15.0000	66.667	850.000
3.	850.000	1000	9.0000	111.111	738.889
4.	738.889	1000	12.0000	83.333	655.556
Total		4000		344.444	

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

ACCOUNTS STATEMENTS

For normal transactions (other than SIP/STP) during ongoing sales and repurchase:

- The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted within 10 working days of allotment.
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unitholder may request for a physical account statement by writing / calling us at any of the ISC.

For SIP / STP transactions;

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

Annual Account Statement:

- The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

Dividend

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.

Redemption

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

Delay in payment of redemption / repurchase proceeds

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).

C. PERIODIC DISCLOSURES

Net Asset Value (NAV)

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

In case of this Scheme, which is an open end scheme, the NAV shall be normally calculated for all business days and released to the Press.

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

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

Redemption and Sale Prices

While determining the prices of the units, the scheme shall ensure that the repurchase price is not lower than 93% of the Net Asset Value and the sale price is not higher than 107% of the Net Asset Value.

Provided further that the difference between the repurchase price and the sale price of the unit shall not exceed 7% calculated on the sale price.

HALF YEARLY DISCLOSURES

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

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

ANNUAL REPORT

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

Associate Transactions

Please refer to Statement of Additional Information (SAI)

Taxation

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

The following summary outlines the key tax implications applicable to unit holders of this Scheme based on the relevant provisions under the Income-tax Act, 1961 ('the Act') and other applicable taxation laws as amended by the Finance Bill, 2008 (collectively called 'the relevant provisions').

A) Tax implications to unitholders under Income Tax Act:

Category of this Scheme:

Please note that TIEMF is not an 'Equity Oriented Fund' as currently defined under the Income Tax Act, 1961.

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

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

Tax on income on units:

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

Tax on income on sale/redemption of units:

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

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

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

* plus surcharge and education cess as may be applicable.

Provisions regarding Dividend income and Bonus

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

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

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

Category of investor	Nature of capital gains	Tax rate*
Resident Investor	Short term / Long term	Nil
Foreign Institutional Investor (FII)	Short term / Long term	Nil
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Short term	30%
Non-Resident Indian (NRI) / Person of Indian origin (PIO)	Long term	20%
Non-Resident Corporate	Short term	40%
Non-Resident Corporate	Long term	20%

* plus surcharge and education cess as may be applicable. For administrative reasons, the Fund will deduct 10% surcharge in case of all NRIs/PIOs and 2.5% surcharge in case of all non-resident corporates.

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

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

Dividend Distribution Tax (DDT)

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

- at **14.1625** percent (including surcharge and education cess) on dividend distributed to any person being an individual or a Hindu Undivided Family (HUF); and
- at **22.66** percent (including surcharge education cess) on dividend distributed to persons other than individual and HUF.

B) Securities Transaction Tax (STT)

As this scheme is not an 'equity oriented fund', no STT is payable on sale (redemption) of this Scheme.

For further details, please refer to the SAI.

INVESTOR SERVICES

To resolve investor queries and grievances, the Fund has set up an Investor Service Cell that ensures

prompt response to all investor queries and grievances. For any queries, complaints or grievances, the investor can contact the Investor Service Cell at the following address:

Investor Services, Franklin Templeton Mutual Fund

Franklin Templeton Centre, Door #7, 3rd Cross Street, Kasturibai Nagar, Adyar, Chennai 600020.

Tel: 1-800-425 4255 (for MTNL / BSNL users only. Local call rates apply) or 6000 4255 (for non-MTNL / non-BSNL users. Please prefix the city STD code if calling from a mobile phone)

E-mail: service@templeton.com

Ms. Sheela Kartik has been appointed as the Investor Relations Officer of the AMC. She can be contacted at the above address.

COMPUTATION OF NAV

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

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

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

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

Foreign Securities:

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:

- 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 AMC 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. The Rupee value of Investments valued in the manner described above and other assets and liabilities represented in foreign currency shall be obtained by multiplying the aforesaid rate.
- In case of subscription in subsequent public offer of an existing listed foreign security, the shares will be valued at lower of cost or listed price till the new shares are listed.

05. FEE AND EXPENSES OF THE SCHEME

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

NFO EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

Being an open-end scheme, the Scheme shall meet the entire sales, marketing and such other expenses connected with sales and distribution of scheme during the new fund offer from the entry load and not through initial issue expenses in accordance with SEBI Circular dated April 4, 2006. Any expenses over & above the entry load amount shall be borne by the AMC.

ANNUAL SCHEME RECURRING EXPENSES:

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

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

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

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

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

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

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

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

Nature of fees and expenses	% of Average Weekly Net Assets
Investment Management Fees	1.25
Custodial Fees, expenses related to country registration	0.10
Shareholder Servicing Fee / Investor Communication Expenses	0.30
Trustee Remuneration ⁺ , Audit Fees etc.	0.15
Marketing and selling expenses including agents' commission	0.60
Others (as permitted under Regulations)	0.10
Total Annual Recurring Expenses	2.50*

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

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

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

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

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

LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please visit Franklin Templeton India's website (www.franklintempletonindia.com) or call at 1800 425 4255 (for MTNL/BSNL users only. Local call rates apply) or 6000 4255 (for non-MTNL/non-BSNL users, prefix the city STD code if calling from a mobile phone) or contact your distributor.

		During New Fund Offer (as % of NAV)	Upon Re-opening (as % of NAV)
i	Sales / Entry load on purchase (other than switches)	up to 3%	up to 3%
ii	Contingent Deferred Sales Load ('CDSC') (based on any period of holding)	N. A.	N. A.
iii	Exit Load on redemption / repurchase (other than switches)	up to 1%	up to 1%
iv	Load on Switch / Exchange	Switch-in: Same as entry load mentioned above Switch-out: Same as exit load mentioned above	Switch-in: As mentioned below Switch-out: Same as exit load mentioned above

Switch/Exchange Load:

When there is a switch / exchange from one scheme of Franklin Templeton Mutual Fund where the investor has paid an entry load (Source Scheme) to TIEMF which charges an entry load, the entry load levied by the TIEMF will be as follows:

If	Then
The entry load paid for the Source Scheme is same as the entry load payable for TIEMF	No entry load will be charged by the TIEMF
The entry load paid for the Source Scheme is greater than the entry load payable for TIEMF	No entry load will be charged by TIEMF
The entry load paid for the Source Scheme is lower than the entry load payable for TIEMF	The differential load will be charged by TIEMF

Further, the exit load as applicable in the Source Scheme shall be levied. However, no entry load will be charged by TIEMF for switches from any closed-end equity scheme of Franklin Templeton Mutual Fund.

The switches of Units will be considered on First-in-First-Out (FIFO) basis.

All the switches / exchanges will be treated as redemption in the source scheme and subscription in the destination scheme, with the entry and exit load as may be applicable.

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

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

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

All loads (including CDSC) collected on units shall be retained in the Fund and maintained in a separate account and would strictly and fully be utilised by the Investment Manager in providing distribution related services to the Mutual Fund relating to the sale, promotion, advertising and marketing of Units of the Scheme, including payments to brokers / registrars for their services in connection with the distribution of the Units. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

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

As per SEBI circular MFD/CIR.No.04/11488 /2003 dated June 12, 2003, Mutual Funds are permitted to launch Fund of Funds (FOF) schemes. The FOF scheme will invest in other mutual fund schemes, which will be treated as underlying schemes.

Load in case of Fund of Funds scheme: As the Fund of Funds (FOF) scheme can charge a load, if the underlying schemes too charge a load, there would be a double incidence of load for the investors at the FOF level and at the underlying scheme level. Hence, no load (entry/exit) will be charged by the underlying open-end schemes of Franklin Templeton Mutual Fund on the investments made by any Fund of Funds scheme of a Mutual Fund.

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

WAIVER OF LOAD FOR DIRECT APPLICATIONS

In terms of SEBI circular SEBI/IMD/CIR No.10/112153/07 dated December 31, 2007, no entry load shall be charged for direct applications received by Franklin Templeton Asset Management (India) Pvt. Ltd. (AMC) i.e. applications received through Franklin Templeton website (www.franklintempletonindia.com) or submitted to any Franklin Templeton Branch Office [Investor Service Centre (ISC)] / specified Collection Centre that are not routed through any distributor/agent/broker. This shall be applicable for all applications received for fresh purchases, additional purchases done directly by the investor under the same folio or switch-in to a scheme from other scheme(s), if such a transaction is done directly by the investor as specified above.

It is recommended that in case of such direct applications, investors mention 'DIRECT' in the relevant section of the Application Form where the distributor/agent/broker/ advisor (including sub-broker) name & code is to be specified, so as to avoid any confusion. Alterations/changes, if any, in the distributor/agent/broker/advisor (including sub-broker) name & code, including cases where the distributor/agent/broker/advisor name & code is pre-printed/stamped/ affixed on the Application Form, must be countersigned by the investor(s).

For the information of investors, a list of the Official Points of Acceptance of Transactions of Franklin Templeton Mutual Fund is available on the Franklin Templeton website (www.franklintempletonindia.com) under Section 'Contact us'.

06. RIGHTS OF UNITHOLDERS

Please refer the SAI for details.

07. GENERAL UNITHOLDER INFORMATION

FOLIO / ACCOUNT NUMBER

Every investor will have a Folio number. Within a Folio, an investor will have an account number for each fund or scheme into which he or she invests. The number of Units issued to an investor or redeemed by

an investor will be reflected in his or her Account and a statement to this effect will be issued to the Unitholder.

RESPONSE TIMES

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

<u>Activity</u>	<u>From date of receipt</u>	<u>Regulatory limits</u>
Account Statement Mailing/e-mailing	10 working days	6 weeks
Redemption cheque mailing/e-mailing	4 working days	10 working days
Address change	3 working days	-
Ownership transmission	4 weeks	30 days

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

SCHEME TO BE BINDING ON THE UNITHOLDERS

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

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

- All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. - **NIL**
- In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed - **NIL**
- Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed - **NIL**
- Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately:

INTERNATIONAL OPERATIONS

- Three individual plaintiffs filed a consolidated class action and derivative complaint in the U.S. District Court for the Southern District of Florida, against Templeton Vietnam Opportunities Fund, Inc. (later known as Templeton Vietnam and Southeast Asia Fund, Inc.); Templeton Asset Management, Ltd., an indirect wholly-owned subsidiary of Franklin Resources, Inc. ("FRI") and the investment manager of the closed-end investment company; certain of the fund's officers and directors; FRI; and Templeton Worldwide, Inc., an FRI subsidiary. The plaintiffs in that action, captioned *In re: Templeton Securities Litigation* (Civil Action No. 98-6059) moved to certify a class with respect to certain claims raised in the consolidated complaint. The District Court denied the plaintiffs' motion to certify a class with respect to their claims. Plaintiffs then filed a petition to the

Eleventh Circuit Court of Appeals to hear an interlocutory appeal of that decision of the District Court.

Thereafter, while the petition was pending, an agreement was reached in writing settling the action. Under the terms of the settlement agreement, the plaintiffs and defendants agreed to resolve all claims for \$6.5 million, including plaintiffs' attorneys fees and the costs of administering the settlement. On April 3, 2002, the settlement was approved by the District Court. The Fund received \$2 million in the settlement, which was reflected in the Fund's net asset value as of April 3, 2002. The defendants agreed to the settlement to avoid the further expense, inconvenience and distraction of the proceedings in this protracted case. The settlement did not contain, and specifically denies, any admission of wrongdoing or violation of law by any of the defendants.

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

INDIAN OPERATIONS

- One of the investors under Templeton India Growth Fund had made investment to the tune of Rs.1,00,00,001/- under Section 54EB of the Income Tax Act, 1961. In accordance with the legal opinion of the counsel of the Fund, the Fund is of the view that investments under Section 54EB of the Income Tax Act, 1961 read with CBDT Notification No.10247 dated December 19, 1996, the units had to be locked-in for a period of seven years from the date of investment. However, the investor had disputed this stand and had filed a writ petition in the High Court of Delhi seeking the direction of the court for premature redemption of units, with Franklin Templeton Mutual Fund as one of the respondents. The Honourable Delhi High Court vide its order dated 3rd August 2000 directed SEBI to dispose of the representation filed by the investor. The investor then filed a representation with SEBI. After hearing the petitioner and the respondents, SEBI rejected the representation vide order dated September 4, 2000 upholding the stand of the Mutual Fund. Subsequently, the investor had filed a Memorandum of Appeal with the Securities Appellate Tribunal, Mumbai against the SEBI order dated September 4, 2000. The Tribunal dismissed the appeal vide its order dated February 15, 2001 and upheld the stand of the Mutual Fund. The investor has filed a petition in the Delhi High Court challenging the order of the Securities Appellate Tribunal and challenging the Central Board of Direct Taxes (CBDT) order.
- The AMC is involved from time to time in litigation relating to claims arising in the normal course of business. The Company is of the opinion that the ultimate resolution of such claims will not materially affect its business or financial position.

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

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

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

The scheme under this Scheme Information Document has been approved by the Board of Trustees of Franklin Templeton Mutual Fund on June 19, 2008. The Trustees have ensured that Templeton India Emerging Markets Fund approved by them is a new product offered by Franklin Templeton Mutual Fund and is not a minor modification of the existing scheme/fund/product.

For FRANKLIN TEMPLETON ASSET MANAGEMENT (INDIA) PVT. LTD.

Investment Manager: FRANKLIN TEMPLETON MUTUAL FUND

Vivek Kudva
President

Date: _____

DIRECTORY

Sponsor Templeton International, Inc. 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394 – 3091, USA.	Investment Manager Franklin Templeton Asset Management (India) Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Trustee Franklin Templeton Trustee Services Pvt. Ltd. Level 4, Wockhardt Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Registrars Franklin Templeton Asset Management (India) Pvt. Ltd. Century Centre, 75 T.T.K. Road, Alwarpet, Chennai 600018	Custodians Citibank, N.A. Plot C/61, Bandra Kurla Complex, 'G' Block, Bandra (East), Mumbai 400051	Auditors S. R. Batliboi & Co. 6 th Floor, Express Towers, Nariman Point, Mumbai 400 021
	Legal Advisors J. Sagar Associates Vakils House 18 Sprott Road, Ballard Estate Mumbai 400 001	

Franklin Templeton Branch Offices (Investor Service Centres)

1. Mumbai

(a) Office No. A/31, A/32 & A/35, 3rd Floor
 Mittal Tower – 'A' Wing, Opp. Vidhan Bhavan,
 Nariman Point, Mumbai 400021

(b) 4th Floor, Wockhardt Towers
 Next to NSE, Bandra Kurla Complex
 Bandra (East), Mumbai 400051

2. Ahmedabad

1001 Abhijit-II, Mithakhali Six Roads
 Navrangpura, Ahmedabad 380009

3. Bangalore

Niton Compound, 11, Palace Road,
 Bangalore 560052

4. Baroda

104-107 Spenta Complex, First Floor
 Opposite Pizza Hut, Near Ambedkar Circle
 Race Course Road, Vadodara 390007

5. Bhubaneswar

77, Kharavel Nagar, Unit III
 Janpath, Bhubaneswar 751001

6. Chandigarh

S.C.O. 371-372, I Floor, Sector 35–B
 (Above HDFC Bank), Chandigarh 160022

7. Chennai

Century Centre, 75 TTK Road, Alwarpet,
 Chennai 600018

8. Cochin

41/418–C, Chicago Plaza, 1st floor,
 Rajaji Road, Ernakulam, Cochin 682035

9. Coimbatore

424-C Red Rose Towers, II Floor, D. B.
 Road, R.S.Puram, Coimbatore 641002

10. Dehradun

Shop No. 44, Meedo Arcade, 28 Rajpur
 Road, Dehradun 248001

11. Hyderabad

Ground Floor, Sagar Society, Plot No. 44,
 Banjara Hills Road No. 2,
 Hyderabad 500034

12. Indore

101, Starlit Towers, Opp. State Bank of
 Indore Head Office, 29/1 Y. N. Road,
 Indore 452001

13. Jaipur

250 Ganpati Plaza, M. I. Road,
 Jaipur 302001

14. Jalandhar

BX III 455, Shakti Tower, Upper Basement
 Below Vishal Mega Mart, G. T. Road,
 Jalandhar 144001

15. Kanpur

Room No. 307, Third Floor, 15/63 Krishna
 Tower, Kanpur 208 001

16. Kolkatta

2D & 2E Landmark Building, 228-A A.J.C.
 Bose Road, Calcutta 700020

17. Lucknow

2 Uttam Palace, I Floor, 3 Sapru Marg,
 Lucknow 226 001

18. Ludhiana

SCO-37, II Floor, Feroze Gandhi Market
 Ludhiana 141001

19. Madurai

24A Pechiamman Padithurai Road
 Madurai 625001

- 20. Mangalore**
IV Floor, Sanu Palace, Kodialbail, Mangalore 575 003
- 21. Nagpur**
Shop No. 3 & 4, Ground Floor, Maharshi Shivpad Complex, Plot No. 262, West High Court Road, Bajaj Nagar, Nagpur 440 010
- 22. Nasik**
S-4, Suyojit Trade Centre, Opp. Rajiv Gandhi Bhavan, Sharanpur Road, Nasik 422 002
- 23. New Delhi**
F-126 Himalaya House, 12th Floor, 23 Kasturba Gandhi Marg, New Delhi 110001
- 24. Patna**
505 Ashiana Hariniwas Apartments, Dak Bungalow Road, Patna 800 001
- 25. Pune**
401, karan Salene, Opp ICICI Bank, 187 Bhandarkar Road, Pune 411004
- 26. Rajkot**
5th Floor, Star Plaza, Phulchhab Chowk, Rajkot 360001
- 27. Raipur**
Office No. 244, Second Floor, Rishabh Complex, M.G. Road, Raipur 492 001
- 28. Salem**
214 / 215, Second Floor, Kandaswarna Shopping Mall, Sarada College Road, Salem 636 016
- 29. Surat**
HG-29 International Trade Centre, Majura Gate Cross Road Signal, Ring Road, Surat 395002
- 30. Trichy**
5/C Jenne Plaza, Ground Floor, 28 Bharathiar Salai Cantonment, Trichy 620001
- 31. Varanasi**
IV Floor, Kuber Complex, Rathyatra Crossing, Varanasi 221010
- 32. Vijayawada**
White House I Floor, Room # 2, M. G. Road, Vijayawada 520010
- 33. Visakhapatnam**
204, First Floor, Eswar Plaza, Dwaraka Nagar, Visakhapatnam 530016

National Call Centre:

1800 425 4255 (for MTNL/BSNL users only. Local call rates apply)

6000 4255 (for non-MTNL/non-BSNL users, prefix the city STD code if calling from a mobile phone)

Collection Centres:

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

Name of the Branch	Address	Name of the Branch	Address
Amritsar (Punjab)	72-A, Taylor's Road, Aga Heritage Gandhi Ground, Amritsar 143001	Durgapur (West Bengal)	Dutta Automobile Building 1st Floor, Benachity, Durgapur 713213
Bhopal (Madhya Pradesh)	Kay Kay Business Centre, 133, Zone 1, M. P. Nagar, Bhopal 462011	Faridabad (Uttar Pradesh)	A-2B, 1 st Floor, Nehru Ground, NIT, Faridabad 121001
Goa	No.7 & 8, EL. Dorado Plaza, Heliodoro Salgado Road, Panjim 403001	Ghaziabad (Uttar Pradesh)	C-7, Lohia Nagar, 1st Floor Ghaziavad 201001
Gwalior (Madhya Pradesh)	37/38, Near Nadi Gate Pul, MLB Road, Shinde ki Chhawani, Lashkar, Gwalior 474001	Hubli (Karnataka)	Giriraja House, No. 451/B, Ward No.1, Club Road, Hubli 580029
Agra (Uttar Pradesh)	17/2/4, Deepak Wasan Plaza, 2 nd Floor, Sanjay Place (Behind Holiday Inn), Agra 282002	Jalgaon (Maharashtra)	1, Shresta Apartments, Balirampeth, Jalgaon 425001
Allahabad (Uttar Pradesh)	1st Floor, Meena Bazar, 10, Sardar Patel Marg, Civil Lines, Allahabad 211001	Pondicherry	First Floor, No.7, Thiayagaraja Street, Pondicherry 605001
Guwahati (Assam)	2nd Floor, Ram Kumar Plaza Chatribari Road, Near Himatshinga Petrol Pump, Guwahati 781001	Rajahmundry (Andhra Pradesh)	79-1-3/1, First Floor, Near Ramalayam Centre, Jawaharlal Nehru Road, Rajahmundry 533101

Name of the Branch	Address	Name of the Branch	Address
Jamshedpur (Jharkhand)	Kanchan Tower, III Floor, Chhaganlal Dayalji & Sons, 3 – S B Shop Area (Near Traffic Signal), Main Road, Bistupur Jamshedpur 831001	Shimla (Himachal Pradesh)	Triveni Building, By Pas Chowk, Khallini, Shimla 171002
Ranchi (Jharkhand)	3rd Floor, Commerce Towers, Beside Mahabir Towers Main Road, Ranchi 834001	Siliguri (West Bengal)	1st Floor, Sanat Trade Centre, Near Sunny Tower, Sevoke Road, Siliguri 734401
Trivandrum (Kerala)	2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum 695010	Ajmer (Rajasthan)	12, Ajmer Tower, 2nd Floor, Kutchary Road, Ajmer 305001
Bhilai (Chattisgarh)	Shop No.114 &115, Ground Floor, Dhillon Complex, Akash Ganga, Supela, Bhilai 495023	Moradabad (Uttar Pradesh)	First Floor, Singh Bhawan, Taari khana chowk, G M D Road, Moradabad 244001
Asansol (West Bengal)	18 GT Road, 1st floor, Asansol 713301	Aurangabad (Maharashtra)	Shop No. 214/215, Tapadiya City Centre, Nirala Bazar, Aurangabad 431001
Bareilly (Uttar Pradesh)	1 st Floor, 165 Civil Lines, Opp.Hotel Bareilly Palace Near Rly Station, Bareilly 243001	Bhavnagar (Gujarat)	134/135 Madhav Darshan, Waghawadi Road, Bhavnagar 364001
Calicut (Kerala)	P S Building, P T Usha Road, Opp. Amalपुरi Colony, Calicut 673001	Dharwad (Karnataka)	G-7/8, Sri Banashankari Avenue, Ramnagara, Dharwad 580001
Erode (Tamil Nadu)	No. 4, KMY Salai, Veerappan Traders Complex, Opp. Erode Bus Stand, Sathy Road, Erode 638003	Guntur (Andhra Pradesh)	Door No. 6- 10-18, Chunduri House, 10/1 Arundelpet, Guntur 522002
Kota (Rajasthan)	2 nd Floor, AL-HATMI complex, 257 Shopping Centre, Kota 324007	Kottayam (Kerala)	1 st Floor, CSI Ascension Church Complex, Kottayam 686 001
Mysore (Karnataka)	L-350, Silver Tower, Clock Tower, Mysore 570001	Tirunelveli (Tamil Nadu)	Jeney Building, 55/18 S N Road, Near Arvind Eye Hospital, Tirunelveli 627001
Tirupur (Tamil Nadu)	RCR Complex, 254, II Floor, Avanashi Road, Tirupur 641603	Trichur (Kerala)	2 nd Floor, Brother's Complex, Near Dhana Laxmi Bank Head Office, Naikkanal Junction, Trichur 680001
Anand (Gujarat)	F-6, Chitrangana Complex, Opp. Motikaka Chawl, Vidyanagar Road, Anand 388001	Patiala (Punjab)	SCO 27 D, Chhoti Baradari, Patiala 147001
Jodhpur (Rajasthan)	203, Modi Arcade, Chupasni Road, Jodhpur 342001	Karur (Tamilnadu)	No.6, old No.1304, Thiru-vi-ka Road, Karur 639001
Panipat (Haryana)	1 st Floor, Krishna Tower, Above Amertex, GT Road, Panipat 132103	Gurgaon (Haryana)	SCO-18/19, First Floor, Above Nirulas, Sector 15, Old Delhi Road, Gurgaon 122001
Gorakhpur (Uttar Pradesh)	Above V.I.P. House, Ajdacent A.D. Girls College, Bank Road, Gorakpur 273001	Meerut (Uttar Pradesh)	1 st Floor, Medi Centre, Opp Eves Cinema, Hapur Road, Near Bachha Park, Meerut 250002
Jamnagar (Gujarat)	241 City Arcade, Near D S P Bunglow, Jamnagar 361001		

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

Name of the Branch	Address	Name of the Branch	Address
Mumbai (Maharashtra)	CAMS-Investor Service Center, Rajabhadur Compound, Ground Floor, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort Mumbai 400 023	Vashi (Maharashtra)	Office No.17, Mahaveer Centre, Plot No.77, Sector 17, Vashi, Navi Mumbai 400703

Name of the Branch	Address	Name of the Branch	Address
Belgaum (Karnataka)	Tanish Tower, CTS No. 192/A, Guruwar Peth, Tilakwadi, Belgaum 590006	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	Hyderabad (Andhra Pradesh)	102, Jade Arcade, First Floor, Paradise Circle, Secunderabad 500003
Akola (Maharashtra)	Opp. RLT Science College, Civil Lines, Akola 444001	Amaravati (Maharashtra)	81, Gulsham Tower, Second Floor, Near Panchsheel Talkies, Amaravati 444601
Ankleshwar (Gujarat)	G-34, Ravi Complex, Valia Char Rasta, G.I.D.C., Ankleshwar, Bharuch 393002	Bhuj (Gujarat)	Data Solution, Office No.17, Municipal Building, First Floor, Opp Hotel Prince, Station Road, Bhuj, Kutch 370001
Davengere (Karnataka)	13, Akkamahadevi Samaj Complex, First Floor, Church Road, P.J. Extension, Davengere 577002	Dhule (Maharashtra)	H. No. 1793/A, J.B. Road, Near, Tower Garden, Dhule 424 001
Jabalpur (Madhya Pradesh)	975, Chouksey Chambers, Near Gitanjali School, 4 th Bridge, Napier Town, Jabalpur 482001	Junagadh (Gujarat)	Circle Chowk, Near Choksi Bazar Kaman, Junagadh 362001
Kadapa (Andhra Pradesh)	Door No.1-1625, DNR Laxmi Plaza, Opp. Rajiv Marg, Railway Station Road, Yerramukkapalli, Kadapa 516 004	Kolhapur (Maharashtra)	Office No.7, AMD Sofex, Third Floor, Ayodhya Towers, Station Road, Kolhapur 416001
Kollam (Kerala)	Kochupilamoodu Junction, Near VLC, Beach Road, Kollam 691001	Muzzafarpur (Bihar)	Brahman Toli, Durgasthan, Gola Road, Muzaffarpur 842001
Navsari (Gujarat)	Dinesh Vasani & Associates, 103 Harekrishna Complex, Above IDBI Bank, Near Vasant Talkies, Chimmnabai Road, Navasari 396445	Nellore (Andhra Pradesh)	97/56, Immadisetty Towers, First Floor, Ranganayakulapet Road, Santhapet, Nellore 524001
Ratlam (Madhya Pradesh)	Dafria & Co., 81, Bajaj Khanna, Ratlam 457001	Satara (Maharashtra)	Sargam Apartment, 117/A/3/22, Shukrawar Peth, Satara 415002
Valsad (Gujarat)	Ground Floor, Yash Kamal – 'B', Near Dreamland Theater, Tithal Road, Valsad 396001	Vellore (Tamil Nadu)	No.54, First Floor, Pillaiyar Koil Street, Thotta Palayam, Vellore 632004
Dhanbad (Jharkhand)	Room No.111, Urmila Towers, First Floor, Bank More, Dhanbad 826001	Solapur (Maharashtra)	4, Lokhandwala Tower, 144, Sidheshwar Peth, Near Z.P., Opp. Pangal High School, Solapur 413001
Bhopal (Madhya Pradesh)	Plot No.13, Major Shopping Centre, Zone-I, M.P.Nagar, Bhopal 462011		

Collecting Bankers:

HDFC Bank
Citibank
IDBI Bank
Standard Chartered Bank
UTI Bank
Bank of Baroda