

Dear Investor,

Greetings from Templeton!

During the last quarter, the Indian financial markets witnessed tremendous volatility. The Foreign Exchange market was highly turbulent with the fall of the Rupee and the ripples of the same were felt across the debt markets as well. The equity markets too remained volatile due to the continued weakness in technology stocks, coupled with the uncertainty associated with the rising oil prices and with the Government's PSU divestment programme. We believe the recent corrections in the equity market are healthy and are important for the long-term stability and growth of the market. Meanwhile, considering the trend of improving economic fundamentals, we continue to be positive on the long-term upside of the equity market. We recommend investors treat investments in equity based products as a long-term program towards fulfilling their longer-term financial goals.

Meanwhile, despite a volatile and turbulent environment, Templeton Funds have been growing very well. Over the past year, our assets under management have grown by over 418 % from Rs. 380 crore (as on June 30, 1999) to Rs. 1,969 crore (as on June 30, 2000), making us one of the fastest growing fund houses in the country. I am also pleased to announce that the Templeton India Income Fund (TIIF) crossed Rs. 1,000 crore in assets last quarter, thereby becoming one of the largest open-ended debt funds in the country.

In our endeavour to increase the investment choices for investors, we have launched two more funds at the end of June, namely, the Franklin India Index Fund (FIIF), an open-end index-linked growth fund and the Franklin India Balanced Fund (FIBF), an open-end balanced fund.

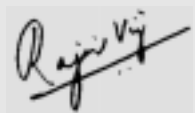
FIIF will be a passive fund and will seek to invest in the fifty stocks comprising the S&P CNX Nifty Fifty Index in the same weightage as they are represented in the index. FIIF can be a great way to start investing in equities as it offers investors the convenience of owning a well-diversified equity portfolio in an affordable manner. In this issue, we have listed some frequently asked questions on index mutual funds as well as more information on the Franklin India Index Fund.

FIBF will seek to provide investors long-term capital appreciation and current income by creating a prudent portfolio mix of equity and debt investments. The maximum exposure in any of the two asset classes will be limited to 60% of the fund. The equity exposure would give investors the potential to earn higher returns in the long-term, while the balance investment in the debt market would lend stability to the portfolio.

Lastly, the Securities and Exchange Board of India (SEBI) and the Association of Mutual Funds in India (AMFI) have been focussing on improving the transparency and compliance levels in the mutual fund industry. To further investor protection, SEBI has recently issued supplementary guidelines to the existing code of advertising applicable to all mutual funds. While at Templeton we strive to maintain the highest levels of transparency and compliance, we believe these guidelines would further strengthen the disclosure levels in the industry and also help streamline communication to investors.

As always, we value your feedback or suggestions, that will help us serve you better.

Best regards



Rajiv Vij
Country Head and Chief Executive Officer

New

**Franklin India
Index Fund –**

A great way to start
investing in equities

- a portfolio of top 50 blue-chip stocks,
 - potentially lower risk portfolio because of high degree of diversification,
 - lower research and advisory fees,
 - minimum investment just Rs. 2,000/-, and
 - various tax benefits.
- (More details inside)

INVESTMENT REVIEW :

TEMPLETON INDIA GROWTH FUND

After a successful year of rebound and recovery during 1999, this quarter has seen India as well as most other emerging markets giving back some of the gains. The significant correction in the technology stocks and the ripple effects on other capital market segments has led to some volatility in the market. However, as value investors, we see these market corrections as an opportunity to accumulate value-stocks that are trading at appealing valuations.

Despite the recent sell-off in the technology sector in India and elsewhere, most technology stocks still look overvalued and must come down substantially to constitute fair value for the value investor. We cannot expect companies to grow at the pace that they have grown given the fact that when they were small it was easy to have rapid growth but now that they are large, growth can progressively become more difficult. Of course there will be some exceptional winners, but these will be fewer. Meanwhile, specific to technology stocks in India, the companies we have visited are for the most part top-notch. We feel that the future of such companies is great and they will revolutionise technology developments not only in India but also many other parts of the world. While countries like Taiwan and Korea have shown that emerging countries can achieve prowess in manufacturing technology, India has led the way in developing world-class software solutions. However, that does not mean that we rush into purchasing stocks that are overvalued. Needless to add, when we invest in new wave high technology stocks in India and other emerging markets, we undertake thorough research first to ascertain whether a company has a robust business model and genuine earnings prospects.

Looking ahead, we're confident that our disciplined and restrained value investing approach will once again come back to the fore and that there will be a renewed appreciation for the sort of quality of earnings and fundamental values we seek to put in our portfolio. India continues to exhibit signs of recovery - the results of which should soon flow through to the stock market. Actions taken to ease foreign investment restrictions do indicate perseverance on the part of the Government and we believe that this will lead to greater investor confidence. In order to strengthen the economy further, we believe the Government now needs to push ahead with issues such as the privatisation of state enterprises and lowering the budget deficit.



Dr. J. Mark Mobius
Principal Portfolio Manager

INVESTMENT REVIEW :

FIXED INCOME FUNDS & FRANKLIN INDIA GROWTH FUND

Fixed Income Funds :

The quarter ending June 30, 2000 was an extremely eventful one and the happenings in the financial markets did surprise many. The Reserve Bank of India announced the slack season credit policy in the last week of April and as expected it focussed on policy measures aimed at strengthening the financial sector. One of the measures announced was the introduction of a Liquidity Readjustment Facility in three phases in lieu of the refinance facility. We believe that this would have a far-reaching impact on the short-term interest rates. However, with the Rupee coming under tremendous pressure in the first week of May, the focus soon shifted towards the actual happenings in the financial markets. Consequently, the quarter witnessed volatility in the Foreign Exchange market, debt market and the equity market as well.

The Rupee slid to an all time low of Rs. 44.57 on May 31, 2000 and the fear that RBI would step in to stem the volatility, as it has done in the past, was enough to trigger a fall in the gilt prices. The gilt prices remained depressed for the last two months. There was a slight increase in interest rates in the beginning of June thanks to the tight money policy of the RBI (to prevent a further attack on the Rupee) and the concern over rising inflation with rising oil prices and an uncertain monsoon. The cut in EPF rate on June 30, 2000 however, helped in improving the market sentiment at the fag end of the quarter.

Going forward, we expect a stable interest rate environment. We believe that the market has already factored in the negatives and with the Government yet to go through its borrowing programme, RBI would be keen

New

Franklin India Balanced Fund –

The real balanced
choice

- prudent mix of equity and debt investments,
- maximum exposure in any of the two asset classes limited to 60% of the fund,
- dividend plan and growth plan available,
- dividends from the fund tax free in the hands of the investors, and
- minimum investment Rs. 2,000/-.

to ensure that the markets remain stable. The liquidity is also expected to improve due to the large inflows in the form of redemption of dated securities in July.

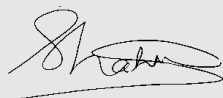
We would be maintaining a defensive posture on all our debt portfolios with higher amount of investments in cash and short-term instruments. We would continue to closely monitor the situation and take appropriate measures in our endeavour to provide a healthy (credit) risk adjusted return.

Franklin India Growth Fund :

After an exuberant March Quarter, that was led mainly by a bull run in technology stocks, the equity market faced a harsh correction in the beginning of April 2000. The significant factors leading to this correction were the fall out of the extremely high valuations in ICE stocks, the uncertainty in the macro economic scenario, the likely threat of prolonged drought in certain areas and a slowdown in some sectors of the domestic demand.

However, the latter part of the quarter started to witness a slight recovery in conjunction with the NASDAQ rebound of technology stocks. The timely arrival of the monsoon and the announcements of positive corporate earnings so far for the quarter provide indications to a further sustainable economic recovery. Meanwhile, the much-awaited divestment of PSUs was a disappointment, as it did not include the popular VSNL, MTNL and the major oil companies. In that context, the Government's ability to push second generation reforms is critical to build investor confidence.

We expect the market to remain choppy in the near future. However, we remain positive on the long-term prospects of the market and continue to build a well-diversified portfolio of growth-oriented quality stocks.



Nilesh Shah
Chief Investment Officer

FRANKLIN INDIA INDEX FUND :

A GREAT WAY TO START INVESTING IN EQUITIES

Have you always wanted to invest in equities but found it too cumbersome to monitor and invest in the stock market?

Investing in the Index is a great way to start investing in equities. In our volume 14, dated March 2000, we had written about how equities are the best long-term bet based on research that shows that over the long-term the BSE Sensex has outperformed most other forms of investments (during the period 1980-98) like bank deposits, company fixed deposits and gold.

Index mutual funds can be a great way to start investing in equities as they offer investors the convenience of owning a well-diversified equity portfolio in an affordable manner. Besides, Index mutual funds provide several cost and tax advantages.

Here are some Frequently Asked Questions on Index mutual funds -

What is an Index?

A market Index helps us evaluate the performance of a given market. For instance if one wants to understand how the stock market has performed over the last 5, 10 or 15 years, one would need to study the performance of each of the stocks listed in the stock market. Alternately, it would be easier to construct a representative sample that makes it simple to understand and interpret market performance. Such a sample is termed as an Index.

Well-known indices in the Indian equity market are the BSE Sensex and S&P CNX Nifty which reflect the movement of 30 stocks on the Bombay Stock Exchange and 50 stocks on the National Stock Exchange respectively. The BSE Sensex has grown from a base of 100 in 1979-80 to over 4000 in recent times.

So what then is an Index Fund?

An Index Fund is a mutual fund that seeks to replicate the returns generated by an Index. An Index Fund manager invests in securities comprising the Index in an attempt to replicate the Index performance.

What is the Franklin India Index Fund (FIIF)?

FIIF is an open-end passive Index Fund with the objective to invest in companies whose securities are included in the S&P CNX Nifty Index and, subject to tracking errors, endeavours to attain results commensurate with the S&P CNX Nifty Index. It would seek to do that by investing in all the stocks comprising the S&P CNX Nifty Index in approximately the same weightage that they are represented in the S&P CNX Nifty.

Dividend Declarations

Templeton India Income Fund -

Dividend on face value of Rs.10:

2.00% per unit (i.e. Rs. 0.200)

Date of record: May 24, 2000

Cum Dividend NAV: 10.69

Ex-Dividend NAV: 10.47

Period: 70 days

Templeton Government Securities Fund -

Dividend on face value of Rs.10:

2.25% per unit (i.e. Rs. 0.225)

Cum Dividend NAV: 10.608

Ex-Dividend NAV: 10.358

Date of Record: May 24, 2000

Period: 70 days

TMIP Quarterly Dividend Plan -

Dividend on face value of Rs. 10 :

2.50% per unit (i.e. Rs. 0.25)

Cum Dividend NAV: Rs. 10.33 per unit

Ex-Dividend NAV: Rs. 10.02 per unit

Date of Record: June 23, 2000

Can you tell me a little more about the S&P CNX Nifty?

The S&P CNX Nifty, also popularly known as the Nifty fifty, is one of the most scientific indices in India that reflects the price movement of 50 blue-chip, large cap, liquid and highly traded stocks chosen from 23 different sectors. The Nifty is managed by India Index Services & Products Ltd. (IISL), which has been set up by NSE and CRISIL with technical assistance from Standard & Poor. IISL focusses on the Index as its core product and owns and operates the S&P CNX Nifty.

The S&P CNX Nifty has been in operation since November 5, 1995 and has a base price of 1000. The Index touched its peak of 1756 on February 11, 2000 and is quoted at 1380.45 as of May 31, 2000.

The top ten securities in the Nifty Index (as on June 30, 2000) are: Hindustan Lever Ltd. (16.25%), Infosys Technologies Ltd. (14.34%), Reliance Industries Ltd. (9.37%), Reliance Petroleum Ltd. (6.05%), ITC Ltd. (5.07%), Zee Telefilms Ltd. (4.39%), Satyam Computer Services (4.32%), Mahanagar Telephone Nigam Limited (3.52%), State Bank of India (3.12%) and ICICI Ltd. (2.56%).

Some of the other stocks included in the Nifty Index (not in any specific order) are HDFC Ltd., Ranbaxy Labs Ltd., Procter & Gamble India Ltd., Grasim Industries Ltd., Gujarat Ambuja Cements Ltd., Hero Honda Motors Ltd., HPCL, NIIT, Dr. Reddy's Laboratories Ltd., and HDFC Bank Ltd.

Why should I invest in FIIF?

If you are looking to invest in the stock market, but do not have the time and the inclination to monitor your investments, this may be the right fund for you. FIIF offers you the following unique benefits :

Portfolio of blue chip stocks : The Nifty 50 Index consists of some of the top stocks from a wide cross section of companies and industries. The Index is refreshed from time to time to bring in stocks that better represent the market and the economy.

Diversification : The FIIF portfolio will consist of 50 stocks currently chosen from 23 different sectors (as in the Nifty), thus offering a potentially lower risk portfolio owing to its high degree of diversification.

Low operating costs : FIIF, being a passive Fund, will tend to have lower research and advisory fees compared to an actively managed equity fund.

Tax benefits : Units held for more than 12 months qualify to be treated as long-term capital assets, thereby attracting corresponding benefits. Besides, the units qualify for Section 54EA/EB benefits, attract no TDS and are not subject to wealth tax and gift tax. However, each investor is advised to consult with their tax advisor for applicable details before investing.

Affordability : FIIF offers an affordable means to participate in the equity markets as the minimum investment required to start an account in the Fund is just Rs. 2,000.

Are there any other features I can avail of as an FIIF investor?

As an FIIF investor, you can avail of the following features:

- Options of Systematic Investment Plan, Systematic Withdrawal Plan and Systematic Transfer Plan,
- Facility to switch into other Templeton Funds,
- Redemption cheques couriered within 72 hours of receipt of request at Karvy, Hyderabad.

What else do I need to know before investing in FIIF?

An Index Fund does not attempt to outperform the stock market but simply offers a great way to participate in it. An Index Fund is as good as the Index it tracks. Also, a comparison between the returns of an Index Fund and that of an Index may show a variation commonly known as the Tracking Error.

The Tracking Error can occur due to a variety of reasons. While the Index is calculated on the daily closing prices on the NSE, the Fund will need to buy or sell securities at different times during the trading session at the then prevailing prices. Also, inability of the Fund to buy or sell exact quantities sometimes due to market illiquidity reasons may result in a Tracking Error. With the expected introduction of post-close trading facility at the NSE, the Fund's ability to accurately track the Index will be enhanced.

Lastly, due to the current settlement cycle, whereby the settlement gets completed in approximately 2 weeks' time (and can get extended due to unforeseen reasons), the Fund will need to keep a lock-in period of 30 business days on all subscriptions. Also, as the Fund will operate at cash levels of no more than 5% of the net assets, the Fund may have certain limitations in meeting any redemptions in excess of that within the normal standards of 72 hours. As the Indian market progressively moves towards the rolling settlement system, the Fund will be in a superior position to overcome these limitations.

Index mutual funds can be a great investment opportunity as they offer investors the convenience of owning a well-diversified equity portfolio in an affordable manner. (Story alongside)

PORTFOLIO INFORMATION

Templeton India Growth Fund Portfolio (As on June 30, 2000)

Company Name	Value (Rs.)	Company Name	Value (Rs.)
Scripts		NALCO	4,10,75,963
Satyam Computers Services	15,39,34,397	Cummins India Ltd.	3,95,92,573
Reliance Industries	14,68,59,720	BPCL	2,89,27,500
HDFC	12,85,81,500	TELCO	2,71,26,000
ITC	8,97,12,806	Great Eastern Shipping	2,26,10,160
NIIT	8,84,14,004	Indian Hotels	2,17,12,860
MTNL	7,50,92,500	Tata Power	2,05,12,500
Grasim Industries	7,15,50,000	Titan Industries	1,41,58,339
Hindalco Industries	6,45,93,370	Indian Aluminium	1,26,00,000
Hughes Software Systems Ltd.	6,02,84,000	Oriental Bank of Commerce	1,23,93,750
MICO	5,62,46,500	Tata Hydro Elec. Power Supply	71,71,890
Mahindra & Mahindra	5,28,87,500	Asea Brown Boveri	14,91,646
Aptech Limited	5,01,88,522	Investment in Call	5,32,00,000
HCL Technologies Ltd.	4,50,94,000	Cash at Bank	3,89,56,287
HPCL	4,48,16,025	Net Receivable/(Payable)	48,814
Asian Paints India	4,40,51,215	Net Assets	1,55,49,60,339
Smithkline Beecham Consumer Health	4,10,76,000	NAV Per Unit	13.42

Franklin India Growth Fund Portfolio (As on June 30, 2000)

Company Name	Value (Rs.)	Company Name	Value (Rs.)
Scripts		Container Corporation of India Ltd.	82,99,172
Infosys Technologies Ltd.	3,07,79,744	Novartis India Ltd.	66,78,835
Satyam Computer Services Ltd.	2,83,31,850	DSQ Software Ltd.	66,52,450
Polaris Software Lab Ltd.	2,25,95,640	The Gramophone Company of India Ltd.	60,00,938
Hughes Software Systems Ltd.	2,23,05,080	Ashok Leyland Ltd.	59,80,000
Software Solution Integrated Ltd.	1,99,10,451	Vikas WSP Ltd.	46,07,330
Hero Honda Motors Ltd.	1,58,00,000	Electrosteel Casting Ltd.	43,30,057
Hindustan Lever Ltd.	1,55,99,926	Cipla Ltd.	17,27,900
Cadbury India Ltd.	1,33,50,150	HDFC Ltd.	16,77,150
Grasim Industries Ltd.	1,28,79,000	Investment in Call	5,96,00,000
German Remedies Ltd.	1,24,58,285	Cash at Bank	68,40,964
Pidilite Industries Ltd.	1,14,83,640	Total	36,87,86,712
Mastek Ltd.	1,08,16,145	Net Receivable/(Payable)	7,28,671
Mahanagar Telephone Nigam Ltd.	1,07,27,500	Net Assets	36,95,15,383
Dr. Reddy's Laboratories Ltd.	1,03,01,851	NAV Per Unit -	7.96
Cummins India Ltd.	96,92,657		
Apollo Tyres Ltd.	93,60,000		

Templeton Monthly Income Plan Portfolio (As on June 30, 2000)

Company Name	Ratings	Value (Rs.)	Company Name	Ratings	Value (Rs.)
Ford Motors India Ltd. 2002	AAA(so)	15,30,00,000	IDBI Double Option Bond (Strip) Part B	AAA	4,00,01,663
Gujarat Gas Ltd. 2005	AA+	10,56,50,000	IDBI DDB 2001	AAA	1,73,18,880
HDFC 2005	AAA	10,23,50,000	IDBI Double Option Bond (Strip) Part A	AAA	1,21,11,220
Gujarat Ambuja Cement Ltd.	MAAA	10,12,80,000	Total PSU/PFI Bond		26,11,14,963
GE Shipping India Ltd.	AAA	5,01,40,000	Reverse Repo		
Kotak Mahindra Finance Ltd.	AA	5,00,00,000	11.75% GOI 2001	SOV	5,31,63,600
Consolidated Coffee Co. Ltd.	AA+	5,00,00,000	Citicorp Finance (I) Ltd.	P1+	10,00,00,000
Citicorp Finance (I) Ltd.	AAA	5,00,00,000	Tata Finance Limited	P1+	10,00,00,000
IL&FS 2001	AAA	4,99,75,000	Reliance Ind. Ltd.	P1+	5,00,00,000
Orix Auto Finance (I) Ltd.	AA-	4,99,32,788	RIL 2001	P1+	5,00,00,000
SBI CAPS 2005	LAAA	4,98,35,000	Nirma Ltd	A1+	3,00,00,000
Tata Hydro Power Co. Ltd. 2000	AAA	3,00,00,000	Ford Credit Kotak Mahindra Ltd.	P1+	3,00,00,000
Andhra Valley Power Supply Co. Ltd. 2000	AAA	2,00,00,000	Investment in Call		22,23,00,000
Ford Credit Kotak Mahindra Ltd.	AA	2,00,00,000	Cash at Bank		1,01,620
Gujarat Ambuja Cement Ltd.	AA+	1,10,56,000	Total Short-Term Debt & Cash Equivalents		58,24,01,620
Total Corporate Debt		89,32,18,788	Net Receivable/(Payable)		1,18,84,994
11.99% GOI 2009	SOV	5,29,25,000	Net Assets		1,96,84,52,965
11.19% GOI 2005	SOV	5,17,10,000	NAV Per Unit - Monthly Plan		10.02
11.15% GOI 2002	SOV	5,12,95,000	NAV Per Unit - Quarterly Plan		10.03
12.50% GOI 2004	SOV	1,07,39,000	NAV Per Unit - Half-yearly Plan		10.29
Total GILTS		16,66,69,000	NAV Per Unit - Growth Plan		10.34
ICICI 2001	AAA	10,17,73,200	Average Portfolio Tenure		1.70 yrs
ICICI 2001	AAA	8,99,10,000			

Templeton India Income Fund Portfolio (As on June 29, 2000)

Company Name	Rating	Value (Rs.)	Company Name	Rating	Value (Rs.)
Reliance Industries Ltd.	AAA	25,36,25,000	ICICI 2001	AAA	4,53,19,850
Citicorp Finance India Ltd.	AAA	25,00,77,676	ICICI 2002	AAA	4,05,88,000
India Infrastructure Developers Ltd.	AA-(so)	15,59,34,045	ICICI Aashirwad Deep Discount Bond	AAA	2,61,00,310
ITC Bhadrachalam Ltd. **	N.R.	13,01,69,000	ICICI 2001	AAA	2,03,74,000
BPCL 2004	AAA	10,37,80,000	IPCL 2004	AA-	1,59,55,500
HDFC	AAA	10,23,50,000	ICICI	AAA	1,43,76,518
Gujarat Ambuja Cement Ltd.	MAAA	10,12,80,000	IL & FS	AAA	52,54,850
L&T 2009	AAA	10,01,35,000	Total PSU/PFI Bonds :		88,20,82,298
Citicorp Maruti Finance India Ltd.	AAA	10,00,00,000	11.90% GOI 2007	SOV	58,23,40,000
TISCO	AA+	10,00,00,000	11.99% GOI 2009	SOV	58,21,75,000
Pan India Paryatan Ltd.	AAA (so)	9,97,51,075	11.15% GOI 2002	SOV	41,03,60,000
ANZ Grindlays Bank	AAA	9,90,00,000	11.19% GOI 2005	SOV	31,02,60,000
Citibank NA	N.R.	8,91,90,000	11.55% GOI 2002	SOV	25,87,50,000
IPCL	AA-	8,28,59,700	12.00% GOI 2008	SOV	22,29,15,000
Reliance Capital Ltd. 2002	AA+	7,57,90,000	12.50% GOI 2004	SOV	17,18,24,000
Reliance Industries Ltd. 2004	AAA	6,26,33,520	11.83% GOI 2003	SOV	15,69,75,000
Reliance Capital Ltd. ZCB	AA+	5,23,92,000	11.68% GOI 2006	SOV	5,25,50,000
Reliance Industries 2004	AAA	5,22,06,650	11.50% GOI 2004	SOV	5,21,20,000
Standard Chartered Bank	AAA	5,18,35,000	11.75% GOI 2001	SOV	5,11,15,000
ABN Amro Bank	AAA	5,13,15,000	11.55% GOI 2001	SOV	5,08,65,000
HDFC	AAA	5,08,55,000	Total GILTS		2,90,22,49,000
Kotak Mahindra Primus Ltd.	AA-	5,04,15,000	Reverse Repos		
Madras Cement Ltd.	AA	5,02,25,000	12.32% GOI 2011	SOV	27,92,74,000
Citicorp Finance India Limited	P1+	5,00,00,000	12.00% GOI 2008	SOV	21,41,66,600
Kotak Mahindra Finance Ltd.	AA	5,00,00,000	11.99% GOI 2009	SOV	16,27,96,650
Tata Finance Ltd.	P1+	5,00,00,000	ICICI CD	P1+	52,93,91,850
Orix Auto Finance (I) Ltd.	AA-	5,00,00,000	Ranbaxy 2001	P1+	25,00,00,000
HDFC 2003	AAA	4,99,15,500	Tata Power 2000	P1+	20,00,00,000
Eicher Limited	LAA	4,96,30,000	HAL MIBOR (M+80)	A1+	15,00,00,000
Reliance Capital Ltd. ZCB	AA+	3,27,75,000	GE Countrywide 2001	P1+	10,00,00,000
Reliance Capital Ltd. ZCB	AA+	3,00,84,000	TELCO 2001	P1+	10,00,00,000
Citicorp Finance India Limited	P1+	3,00,00,000	RIL 2001	P1+	10,00,00,000
Kotak Mahindra Primus	AA-	2,50,00,000	IL & FS 2001	P1+	9,99,50,000
India Piston Ltd.	AA-	2,50,00,000	IPCL	P1+	9,00,00,000
India Pistons Ltd.	AA-	2,50,00,000	Kotak Mahindra Finance Ltd.	P1+	7,00,00,000
GE Capital Services India	AAA (fso)	2,50,00,000	ICICI 2001	AAA	5,00,20,000
Search Chem Industries Ltd. *	N.R.	2,50,00,000	Citicorp Finance (I) Ltd.	P1+	5,00,00,000
Total Corporate Debt :		2,78,32,23,166	Kotak Mahindra Primus Ltd.	P1+	5,00,00,000
Noida Toll Bridge Co. Ltd.	AAA (so)	7,14,59,263	Tata Hydro Power Supply Co.	P1+	5,00,00,000
NALCO Debentures	AAA	7,06,12,057	Rabo India Finance Ltd.	P1+	5,00,00,000
IDBI 2005	AAA	5,44,84,400	Titan Industries Ltd.	P1+	3,00,00,000
ICICI 2006	AAA	5,43,00,000	Investment in Call		31,00,00,000
IRFC 2006	AAA (so)	5,33,40,000	Cash at Bank		4,55,69,727
ICICI Limited	AAA	5,31,10,000	Total Short-Term Debt & Cash Equivalents		2,98,11,68,827
ICICI 2002	AAA	5,14,30,000	Net Receivable/(Payable)		72,78,93,617
ICICI Ltd.	AAA	5,14,10,000	Net Assets		10,27,66,16,908
IDBI Omni Bonds Sr. I	AAA	5,12,50,000	NAV Per Unit - Growth Plan		15.34
IDBI 2002	AAA	5,12,42,550	NAV Per Unit - Dividend Plan		10.54
IDBI 2002 (Omni Bond)	AAA	5,07,50,000	Average Portfolio Tenure		2.94 yrs
ICICI Limited Bonds	AAA	5,07,25,000			
IL & FS 2003	LAAA	5,00,00,000			

* Guaranteed by United Phosphorus Ltd.

** Guaranteed by ITC Ltd.

Templeton India Government Securities Fund Portfolio (As on June 29, 2000)

Issuer	Value (Rs.)	Issuer	Value (Rs.)
11.90% GOI 2007	52,94,00,000	Reverse Repos	
11.19% GOI 2005	46,53,90,000	12.00% GOI 2008	32,12,49,900
11.68% GOI 2006	31,53,00,000	364 TBILL (31 May 2001)	9,22,50,000
12.00% GOI 2008	30,78,35,000	10.85% GOI 2001	5,28,85,400
10.85% GOI 2001	25,30,75,000	Investment in Call	36,23,00,032
11.99% GOI 2009	21,17,00,000	Cash at Bank	1,86,23,130
11.50% GOI 2004	20,84,80,000	Total	3,69,06,85,462
11.83% GOI 2003	15,69,75,000	Net Receivable/(Payable)	7,42,51,313
11.15% GOI 2002	15,38,85,000	Net Assets	3,76,49,36,775
12.50% GOI 2004	13,96,07,000	NAV Per Unit - Growth Plan	11.627
11.55% GOI 2001	10,17,30,000	NAV Per Unit - Dividend Plan	10.323
		Average Portfolio Tenure	3.97 yrs

Risk Factors: All investments in mutual funds and securities are subject to market risks and the NAV of the scheme may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. There can be no assurance that a scheme's investment objectives will be achieved. The past performance of the mutual funds managed by the Franklin Templeton Group and its affiliates is not necessarily indicative of future performance of the schemes. Franklin India Index Fund, Franklin India Balanced Fund, Franklin India Growth Fund, Templeton India Income Fund, Templeton India Growth Fund, Templeton Monthly Income Plan, Templeton India Government Securities Fund and Templeton India Liquid Fund are only the names of the schemes and do not in any manner indicate the quality of the schemes, their future prospects or returns. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes. The Mutual Fund is also not assuring that it will make any dividend distributions under the dividend plans of the schemes though it has every intention of doing so. All dividend distributions are subject to the investment performance of the schemes. The investments made by the schemes are subject to external risks on transferring, pricing, trading volumes, settlement risks etc. of securities and hence redemptions may be delayed inordinately. The schemes may invest in various derivative instruments including index futures which are untested instruments in India Markets and may carry high risk return ratio. In the case of Franklin India Index Fund the existence, accuracy and performance of the S&P CNX Nifty Index will directly affect the scheme performance and tracking errors are inherent in any Index Fund. All subscriptions in Franklin India Index Fund will be subject to a lock-in period of 30 business days. In the case of Franklin India Balanced Fund, in the event that the investible funds of more than 50% of the total proceeds of the scheme are not invested in equity shares, then tax exemption on income distribution may not be available to the fund. Please call the Templeton Investor Service Centre numbers to obtain a copy of the offer document and go through the same before investing.

Statutory Details: Templeton Mutual Fund in India has been set up as a trust by Templeton International Inc. (liability restricted to the seed corpus of Rs. 1 lac) with Templeton Trust Services Pvt. Ltd. as the trustee (Trustee under the Indian Trust Act 1882) and with Templeton Asset Management (India) Pvt. Ltd. as the Investment Manager. The Fund offers NAVs, purchases and redemptions on all business days.

For Marketing enquires write to us at mktg@templeton.com, for Service enquires write to us at service@templeton.com

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