FRANKLIN TEMPLETON
INVESTMENTS

Date: April 20, 2018

Dear Unitholder,

We thank you for your investment in Franklin India Government Securities Fund – Long Term Plan.

As a part of the categorization and rationalization of schemes process, pursuant to SEBI circular dated October 6, 2017, it is proposed to merge Franklin India Government Securities Fund - Composite Plan & PF Plan (FIGSF- CP & PF) into Franklin India Government Securities Fund - Long Term Plan (FIGSF-LT).

Further, there shall be change in certain features of FIGSF-LT post the proposed merger.

We believe that the merger and change in scheme features shall lead to greater operational efficiencies and create an optimal asset size benefitting the unitholders.

In case of merger, the following Options under FIGSF-CP & PF are proposed to be merged with the below mentioned Option of FIGSF-LT

FIGSF-CP & PF Plan (merging plans)	FIGSF-LT (surviving plan)
Dividend Option	Quarterly Dividend Option
Direct - Dividend Option	Direct - Quarterly Dividend Option
Growth Option	Growth Option
Direct - Growth Option	Direct - Growth Option

Further, please note that Units allotted under FIGSF-LT, subsequent to the merger, shall be governed as per the Scheme Information Document of FIGSF-LT.

The Merger and changes in scheme features of surviving plan have been approved by the Board of Directors of the Franklin Templeton Asset Management (India) Pvt. Ltd. (investment manager for schemes of Franklin Templeton Mutual Fund) and Franklin Templeton Trustee Services Pvt. Ltd. (the Trustee to the schemes of Franklin Templeton Mutual Fund).

The Securities and Exchange Board of India ("SEBI") has also vide its letter no. IMD/DF3/OW/P/2018/7619/1 dated March 9, 2018 confirmed its no objection to this merger.

We are enclosing the following details for your information (**Annexure 1**):

(a) The details about the merging plan (FIGSF-CP & PF) and the surviving plan (FIGSF-LT) and changes in scheme features of the surviving plan post the merger

(b) The latest portfolio of surviving and merged schemes

(c) The financial performance and details of the plans in comparison with the benchmark

We have issued an addendum to the Scheme Information Document of FIGSF informing investors about the above referred changes in the Scheme. The same can also be found on www.franklintempletonindia.com

The proposed changes in some scheme features of FIGSF-LT constitute change in the fundamental attributes of the scheme. In terms of prevailing regulatory requirements, your approval is sought for the proposed change in scheme features. Please note that if you do not agree with the proposed change in scheme features, you may exercise an exit option without any exit load during the prescribed duration. The normal redemption form may be used for this purpose, and the NAV applicable will be based on the day and time the form is received at any of the Official Points of Acceptance of Transactions (OPAT) of Franklin Templeton Mutual Fund. The period of this exit offer is valid from May 3, 2018 to June 1, 2018 (both days inclusive). Unitholders who do not exercise the exit option on or before 3.00 pm on June 1, 2018 would be deemed to have consented to the proposed change. Unitholders who have pledged their units will need to procure a release of their pledge prior to submitting their redemption request.

If you have no objection to the above-proposed change, no action needs to be taken by you.

All the unitholders of FIGSF-CP & PF as at the end of June 1, 2018 will automatically become the unitholders of FIGSF-LT, with units allotted in the latter scheme at the prevailing NAV of the respective option on that date. No exit load is being charged to the Unitholders of FIGSF-CP & PF for conversion of units from FIGSF-CP & PF to FIGSF-LT on account of merger.

We are confident that you would find the proposed merger and change in scheme features of surviving plan better suited to your investment goals.

Thanking you,

Regards,

Sd/-

Sanjay Sapre

President

Annexure 1

Details about the plans:

Particulars	Merging plans	Surviving plan	
		Existing features	Proposed changes to the features of FIGSF - LT
Names of the Scheme	Franklin India Government Securities Fund- Composite & PF Plan	Franklin India Government Securities Fund- Long Term Plan	Franklin India Government Securities Fund
Date of inception (allotment)	FIGSF-CP: June 21, 1999 FIGSF-CP-Direct: January 01, 2013 FIGSF-PF: May 7, 2004 FIGSF-PF-Direct: January 01, 2013	FIGSF-LT: December 7, 2001 FIGSF-LT-Direct: January 01, 2013	No change
Type of the scheme	Open – end dedicated Gilts Scheme	Open – end dedicated Gilts Scheme	An open ended debt scheme investing in government securities across maturity
Investment Objective	The Primary objective of the Scheme is to generate credit risk-free return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest		The primary objective of the Scheme is to generate return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest.
Plans and Options	• Growth Option and Dividend Option • Direct – Growth Option and Dividend Option	• Growth Option and Quarterly Dividend Option (with Reinvestment & Payout Facility) • Direct – Growth Option and Quarterly Dividend Option (with Reinvestment & Payout Facility)	No change
Terms of issue	The units of the scheme are not listed at any stock exchange		No change
Actual expenses charged for Financial Year 2017-18	FIGSF-CP: 1.78% FIGSF-CP-Direct 0.65% FIGSF-PF: 1.78% FIGSF-PF-Direct: 0.65%	FIGSF-LT – 1.74% FIGSF-LT – Direct – 0.76%	Not Applicable
Load Structure	Entry - Nil; Exit – 0.50% if the Units are redeemed/ switched-out within 3 months of allotment	Entry - Nil; Exit – Nil	No change

<table>
<tr><th rowspan="2">Particulars</th><th rowspan="2">Merging plans</th><th colspan="2">Surviving plan</th></tr>
<tr><th>Existing features</th><th>Proposed changes to the features of FIGSF - LT</th></tr>
<tr>
<td>Asset allocation</td>
<td>The Primary Objective of the Scheme is to generate return from a credit-risk free portfolio comprising securities issued by the Central / State Government and / or securities unconditionally guaranteed by the Central and / or State Government for repayment of Principal and Interest. Gilts being an obligation of Central / State Governments carry zero- risk weight under Capital Adequacy Weights prescribed by the RBI and are immune from credit / default risk. Gilts only carry market risks i.e., risk arising from the price movement in the market. Prices of all Fixed Income Securities have an inverse relationship with interest rate movements. The prices of Fixed Income Securities go up when interest rates fall and vice versa. The price movement is also dependent on the maturity of the instrument. Normally, longer maturity instruments will rise or fall more in relation to interest rate movements than shorter maturity instruments.</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets (Min. – Max.)</th></tr>
<tr><td>Securities issued by the Central/ State Government and/or securities unconditionally guaranteed by the Central/State Government for repayment of principal and interest</td><td>Low</td><td>70% - 100%</td></tr>
<tr><td>Money market instruments and securities held under reverse repos</td><td>Very Low</td><td>0% - 30%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

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

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

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 (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. 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.</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Securities issued by the Central/ State Government and/or securities unconditionally guaranteed by the Central/State Government</td><td>Low</td><td>80% - 100%</td></tr>
<tr><td>Debt & Money Market Instruments</td><td>Very Low</td><td>0-20%</td></tr>
</table>
#The Scheme may have exposure in the following:
1. Securitised Debt up to 50% of net assets
2. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
3. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
4. Repos in corporate debt securities
5. Short Selling
6. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
7. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to 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</td>
</tr>
</table>

Particulars	Merging plans	Surviving plan	
		Existing features	Proposed changes to the features of FIGSF - LT
			political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. 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.
Net assets of the schemes as on March 31, 2018	Rs. 5,677.41 Lacs (CP Plan 4,404.08 Lacs) (PF Plan 1273.33 Lacs)	Rs 26905.35 Lacs	Not Applicable
Nos. of folios as on March 31, 2018	CP Plan: 1,244 PF Plan: 39	1940	Not Applicable
Unclaimed dividend as on March 31, 2018	CP Plan: Count –200 AUM - Rs. 7,81,229.30 PF Plan: Count – 0 AUM - Rs. 0	Count –13 AUM – Rs. 2,06,437.95	Not Applicable
Unclaimed redemption as on March 31, 2018	CP Plan: Count – 20 AUM - Rs. 4,51,519.85 PF Plan: Count –0 AUM - Rs. 0	Count –5 AUM – Rs. 1,69,579.18	Not Applicable

Basis of allocation of new units	The investors in FIGSF-CP & PF Plan will be allotted units at the NAV of FIGSF-LT on the date of merger. The units allotted in FIGSF-LT will be based on an amount equal to the value of the units in FIGSF-CP & PF on the date of merger. An illustration using hypothetical figures to explain the allotment of units in the merging scheme is given below:

Particulars		
NAV of FIGSF-CP as on the date of Merger (Rs.)	A	15.0000
Units available in FIGSF-CP	B	1,000.000
Current Value as on Merged Date (subject to TDS, if any) Rs.	C	15,000.00
NAV of FIGSF-LT (Rs.)	D	25.0000
Allotment of Units in FIGSF-LT (E=C/D)	E	600.000
Current Value in FIGSF-LT on the merger transaction units allotted (Rs.) (F=E*D)	F	15,000.00

Percentage of total NPAs to net assets of individual schemes	FIGSF-CP & PF– NIL FIGSF-LT - NIL
Percentage of total NPAs to net assets of FIGSF-LT after merger	NIL
Percentage of total illiquid assets (illiquid equity) to net assets of individual scheme	FIGSF-CP & PF – NIL FIGSF-LT - NIL
Percentage of total illiquid assets to net assets of FIGSF-LT after merger	NIL

Tax implications	As per the provisions of Income-tax Act, 1961 ('the Act'), as amended by Finance Act, 2017, governing taxation of capital gains relating to the consolidation of plans within a scheme of mutual fund, any transfer by a unit holder of a capital asset, being a unit or units, held in the consolidating plan of a scheme, made in consideration of the allotment of a capital asset, being a units or units, in the consolidated plan of that scheme shall not be considered as a transfer and thereby shall not be chargeable to capital gains tax. Accordingly, as per the above provisions, where the investors exercise the option of switch over from the consolidating plan ('merging plan') to the consolidated plan ('surviving plan') within the scheme, it shall not be considered as a transfer and shall not be liable to capital gains tax. However, the investors will be subject to capital gains tax, where they exercise the option of repurchase of units (i.e. on sale /redemption of units) from the consolidating plan ('merging plan') of scheme at applicable NAV, as per the provisions of the Act. In case of repurchase of units from the consolidating plan ('merging plan'), there would be no requirement of deduction of tax at source in case of resident investors. However, in case of non-resident investors, tax is required to be deducted at source at applicable rates, on the capital gains arising on repurchase of units from the consolidating plan ('merging plan') of scheme at applicable NAV, as per the provisions of Section 195 of the Act. **The above information provided is for general information purpose only and is based on the advice obtained by Franklin Templeton. The disclosures in respect of the tax implications are in accordance with the prevailing tax laws and there can be no assurance or guarantee that the tax implications prevailing at the time of investment in the scheme will endure indefinitely.** **In view of the individual nature of the implications, each investor is advised to consult with his or her own tax advisors/authorised dealers with respect to the specific tax and other implications arising out of his or her participation in the schemes.**

Portfolio of FIGSF-CP & PF as on March 31, 2018

Security Name	Rating	Quantity	Market Value (Rs. in Lakhs)	% to Net Assets
6.68% GOI 2031	SOVEREIGN	30,25,000	2793.85	49.20
7.73% GOI 2034	SOVEREIGN	16,00,000	1604.80	28.26
7.17% GOI 2028	SOVEREIGN	9,50,000	934.99	16.46
Total Debt Holding			5333.63	93.92
Call, Cash & Other Assets			345.33	6.08
Total			5678.96	100.00

Portfolio of FIGSF-LT as on March 31, 2018

Security Name	Rating	Quantity	Market Value (Rs. in Lakhs)	% to Net Assets
6.68% GOI 2031	SOVEREIGN	13875000	12814.77	47.62
7.73% GOI 2034	SOVEREIGN	8400000	8425.19	31.31
7.17% GOI 2028	SOVEREIGN	4800000	4724.14	17.55
Total Debt Holding			25964.10	96.47
Call, Cash & Other Assets			948.96	3.53
Total			26913.06	100.00

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Financial Performance of FIGSF-CP, PF and LT in comparison with the benchmark returns:
Performance of the Plans:

Compounded annualised returns	1 Year	3 Years	5 Years	Since Inception
FIGSF – CP	0.88%	5.78%	7.54%	7.68%
Benchmark*	5.10%	8.05%	8.68%	8.53%
FIGSF – CP (Direct)	2.03%	6.96%	8.49%	8.30%
Benchmark*	5.10%	8.05%	8.68%	8.73%
FIGSF – PF	0.88%	5.78%	7.54%	7.68%
Benchmark*	5.10%	8.05%	8.68%	8.53%
FIGSF – PF (Direct)	1.98%	NA	8.21%	8.03%
Benchmark*	5.10%	NA	8.68%	8.73%
FIGSF – LT	0.76%	5.90%	7.55%	7.97%
Benchmark*	4.56%	8.05%	8.99%	8.96%
FIGSF – LT (Direct)	1.75%	7.01%	8.64%	8.46%
Benchmark*	4.56%	8.05%	8.99%	9.02%

Past performance may or may not be sustained in future.

Returns based on Growth Plan NAV of 28.3.2018. Returns for periods are compounded annualised. *Benchmark: FIGSF – CP & PF: I-Sec Composite Index; FIGSF – LT: I-Sec Li-BEX. Inception date: FIGSF – CP Plan: 01.12.2003; Direct: 01.01.2013. NAVs for the FIGSF PF– Direct plan were not issued during the period March 11, 2014 to April 15, 2015, since there were no investors in the plan. On account of the same, performance data for relevant period is not available.

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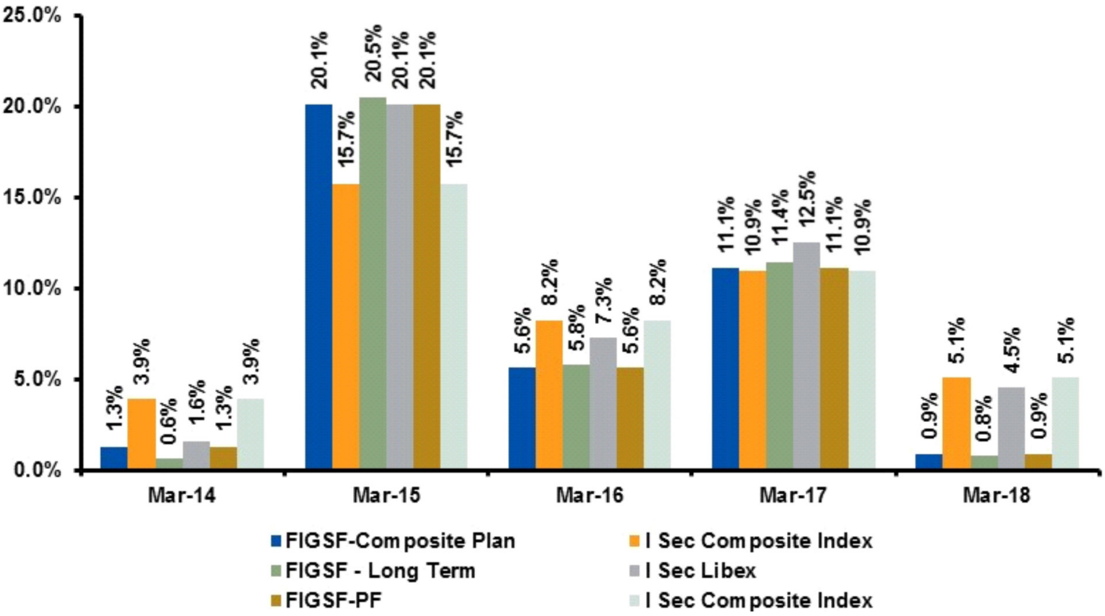
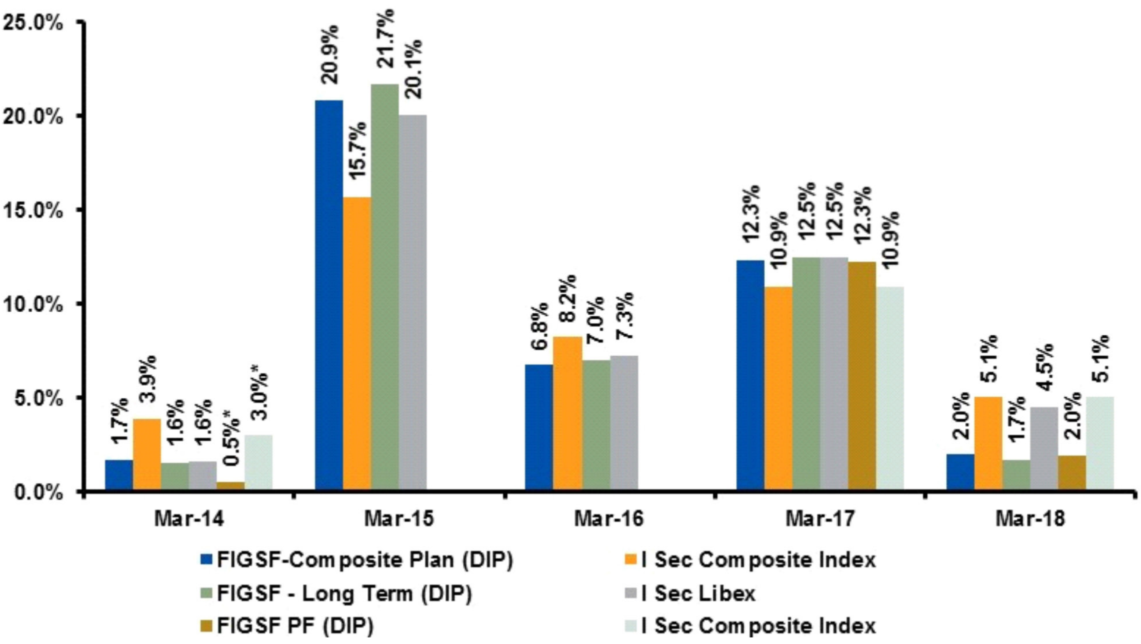
Absolute Returns for last 5 financial years:
FIGSF – CP, PF and LT



Past performance may or may not be sustained in future.

FIGSF – CP (Direct), PF (Direct) and LT (Direct)



Past performance may or may not be sustained in future.
DIP: Direct Plan. Returns based on Growth Plan NAV. * Returns upto last NAV declared on March 10, 2014.
NAVs for the FIGSF PF– Direct plan were not issued during the period March 11, 2014 to April 15, 2015, since there were no investors in the plan. On account of the same, performance data for relevant period is not available.