

INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Franklin Templeton Mutual Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Franklin Build India Fund ('the Scheme') which comprise the Balance Sheet as at March 31, 2017 and also the Revenue Account for the year ended March 31, 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of Franklin Templeton Asset Management (India) Private Limited ('the Company'), the scheme's asset manager, is responsible for the preparation of the financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto ('the SEBI Regulations'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the SEBI Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Scheme as at the March 31, 2017; and
- (b) in the case of the Revenue Account, of the surplus for the year ended March 31, 2017.

Report on Other Legal and Regulatory Requirements

As required by Regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the Regulations, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. The balance sheet and revenue account dealt with by this report are in agreement with the books of account.
- c. In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E / E300005

Sd/-

per **Viren H. Mehta**

Partner

Membership No.: 048749

Place: Mumbai

Date: 07 July, 2017

FRANKLIN TEMPLETON MUTUAL FUND
BALANCE SHEET AS AT MARCH 31, 2017
(All amounts in thousands of Rupees)

	Schedules	FRANKLIN BUILD INDIA FUND	
		As at March 31, 2017	As at March 31, 2016
SOURCES OF FUNDS			
1 Unit Capital	2(b) & 3	2,662,609	2,153,268
2 Reserves and Surplus	4		
2.1 Unit Premium Reserve		1,619,136	1,177,202
2.2 Unrealised Appreciation Reserve		1,229,721	-
2.3 Retained Surplus		3,231,779	2,116,488
3 Current Liabilities and Provisions	5		
3.1 Current Liabilities		38,023	62,459
TOTAL		8,781,268	5,509,417
APPLICATION OF FUNDS			
1 Investments	2(c), 6 & 13		
1.1 Listed Securities			
1.1.1 Equity Shares		8,147,813	5,116,832
2 Other Current Assets	7		
2.1 Cash and Bank Balances		10,826	7,983
2.2 CBLO/ Reverse Repo Lending		607,972	291,088
2.3 Others		14,657	93,514
TOTAL		8,781,268	5,509,417
Notes to Accounts	1 to 13		

The accompanying schedules are an integral part of this Balance Sheet.

As per our attached report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

For Franklin Templeton Trustee
Services Private Limited

For Franklin Templeton Asset Management
(India) Private Limited

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Sd/-
Anand J. Vashi
Director

Sd/-
Deepak Satwalekar
Director

Sd/-
S. Jayaram
Director

Sd/-
Alok Sethi
Director

Sd/-
Sanjay Sapre
President

Sd/-
Ajay Narayan
Vice President

Sd/-
Anand Radhakrishnan
Senior Vice President &
Chief Investment Officer –
Franklin Equity (India)

Sd/-
Roshi Jain
Vice President & Portfolio
Manager – Franklin Equity

Sd/-
Srikanth Nair
Senior Manager & Research
Analyst – Franklin Equity

Mumbai

FRANKLIN TEMPLETON MUTUAL FUND
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017
(All amounts in thousands of Rupees)

	Schedules	FRANKLIN BUILD INDIA FUND	
		Year ended March 31, 2017	Year ended March 31, 2016
1 INCOME			
1.1 Dividend	2(d)	82,548	40,851
1.2 Interest	2(d) & 8	27,744	25,956
1.3 Realised Gain on External Sale / Redemption of Investments, net	2(d)	598,674	491,818
1.4 Change in Unrealised Appreciation in the value of Investments		1,229,721	(750,364)
1.5 Other Income		9,581	7,326
		1,948,268	(184,413)
2 EXPENSES			
2.1 Management Fees	9	90,189	65,682
2.2 Service Tax on Management Fees	9	13,460	9,152
2.3 Transfer Agents Fees and Expenses		8,692	7,195
2.4 Custodian Fees		459	412
2.5 Trusteeship Fees	9	203	154
2.6 Commission to Agents		49,460	46,818
2.7 Investor Education Expense	2(g)	1,353	1,028
2.8 Marketing and Distribution Expenses		3,312	3,005
2.9 Audit Fees		110	106
2.10 Change in Unrealised Depreciation in value of Investments	2(c) & 6(ii)	(43,802)	43,802
2.11 Other Operating Expenses		3,142	1,573
		126,578	178,927
2.12 Expenses Written Back pertaining to previous year		-	(14)
		126,578	178,913
3 NET INCOME AS PER REVENUE ACCOUNT		1,821,690	(363,326)
4 Transfer from Retained Surplus	4	2,116,488	1,268,182
5 Add: Balance Transfer from Unrealised Appreciation Reserve	4	-	750,364
6 Less: Balance Transfer to Unrealised Appreciation Reserve	4	1,229,721	-
7 Add / (Less): Equalisation Credit/(Debit)	2(e)	626,333	573,924
8 Total		3,334,790	2,229,144
9 Dividend Appropriation			
9.1 Income Distributed during the year	11	(103,011)	(112,656)
10 NET SURPLUS/(DEFICIT) FOR THE YEAR TRANSFERRED TO BALANCE SHEET		3,231,779	2,116,488
Notes to Accounts	1 to 13		

The accompanying schedules are an integral part of this Revenue Account.

As per our attached report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

For Franklin Templeton Trustee
Services Private Limited

For Franklin Templeton Asset Management
(India) Private Limited

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Sd/-
Anand J. Vashi
Director

Sd/-
Deepak Satwalekar
Director

Sd/-
S. Jayaram
Director

Sd/-
Alok Sethi
Director

Sd/-
Sanjay Sapre
President

Sd/-
Ajay Narayan
Vice President

Sd/-
Anand Radhakrishnan
Senior Vice President &
Chief Investment Officer –
Franklin Equity (India)

Sd/-
Roshi Jain
Vice President & Portfolio
Manager – Franklin Equity

Sd/-
Srikanth Nair
Senior Manager & Research
Analyst – Franklin Equity

Mumbai

**FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**

(All amounts in thousands of Rupees unless specified otherwise)

1. BACKGROUND

Franklin Templeton Mutual Fund ('the Fund') was established as a trust under the Indian Trusts Act, 1882, by way of a trust deed dated January 4, 1996, a supplementary trust deed dated March 30, 1996 and August 26, 2005 executed by Templeton International Inc. USA, the sponsor of the Fund. Templeton International Inc. is a part of the Franklin Templeton Investments group.

In accordance with the Securities and Exchange Board of India ('SEBI') (Mutual Funds) Regulations, 1996 ('the SEBI Regulations'), the Board of Directors of Franklin Templeton Trustee Services Private Limited ('the Trustee') has appointed Franklin Templeton Asset Management (India) Private Limited ('the AMC') to manage the Fund's affairs and operate its Schemes.

The objective and other feature of the scheme covered in the financial statement are as under:

Scheme Name	Nature of the Scheme	Date of Allotment	Scheme Objective	Plans Offered
Franklin Build India Fund	Open Ended Mutual Fund Scheme	September 4, 2009	The Scheme seeks to achieve capital appreciation through investments in companies engaged either directly or indirectly in infrastructure related activity.	The Scheme offers its investors two plans: the Dividend Plan, the Growth Plan ('the Plans'). Effective January 1, 2013, in accordance with SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, the Scheme introduced a new Plan under each of the Existing plan / option, termed as 'Direct'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'marked-to-market'. These financial statements are prepared in accordance and conformity with the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. The significant accounting policies, which are in accordance with the SEBI Regulations and have been approved by the Board of Directors of the AMC and the Trustee, are stated below.

(a) Determination of net asset value

- The net asset value of the units of the Scheme is determined separately for units issued under the Plans after including the respective unit capital and reserves and surplus, and reducing net deficit and accumulated discount, if any.
- For reporting the net asset values, the daily income earned, including realised profit or loss and unrealised gain or loss in the value of investments, and expenses incurred by the Scheme, are allocated to the Plans in proportion to their respective daily net assets as at the end of the immediately preceding day. Commission expenses are not allocated to the Direct Plans/ Options

(b) Unit capital

- Unit capital represents the net outstanding units at the balance sheet date, thereby reflecting all transactions relating to the period ended on that date.
- Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payouts is credited or debited respectively to the equalisation account, a mandatory requirement for open ended mutual fund Schemes.

(c) Investments

Accounting for investment transactions

- Purchase and sale of investments are recorded on the date of the transaction, at cost and sale price respectively, after considering brokerage, commission, securities transaction tax and fees payable or receivable, if any. The front end fee receivable, if any, is reduced from the cost of investment.
- In terms of SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, brokerage and transaction costs (including all taxes) incurred for the purpose of execution of trade in excess of 0.12% in case of cash market transaction is charged to the Total Expense Ratio of the fund.
- Right entitlements are recognised as investments on the ex-rights date.
- Bonus entitlements are recognised as investments on the ex-bonus date.
- Other Corporate Action entitlements are recognised on the ex date.

Foreign currency transactions

• Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

• Conversion

Foreign currency monetary items are reported using an exchange rate prevalent on the valuation date / date of the transaction.

• Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the scheme at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Valuation of investments

- Traded Equity, Equity related Securities and Preference Shares are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If a security is not traded on NSE, it will be valued at the last quoted closing price on Bombay Stock Exchange (BSE) or any other stock exchange (in that order).
- If a security is not traded on any stock exchange on a particular valuation day, the last quoted closing price on NSE or BSE or other recognised stock exchange (in that order) on the earliest previous day would be used, provided such day is not more than thirty days prior to the valuation day.
- Investments in Equity shares acquired under Qualified Institutional Placement (QIP)/ Follow on Public offer (FPO) are valued at cost or market value, whichever is lower, till the date of listing of the security and Investment in Equity shares acquired under Initial Public Offering (IPO) are valued at Cost price, till the date of listing of the security.
- Thinly Traded, Non-traded and unlisted Equity are valued "in good faith" as determined, in accordance with the SEBI Regulations.
- Foreign securities are valued at the last closing price / last available traded or quoted price on the valuation day on the relevant stock exchange around the time of closure of Indian stock markets, as applicable, provided such date is not more than thirty days prior to the valuation date and are translated in to Indian rupees by applying an exchange rate prevalent on the day of valuation/balance sheet
- In respect of non traded/ thinly traded Foreign securities, the valuation is stated at fair value as determined In good faith by the AMC.

**FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**

(All amounts in thousands of Rupees unless specified otherwise)

Investments in fixed income securities are valued as follows:

- All Debt securities (except for Zero Coupon Bonds, Government Securities and Treasury Bills), with residual maturity greater than 60 days, on the valuation date, are valued at the weighted average price obtained from CRISIL and ICRA (agency(ies) appointed/ designated for the said purpose by the Association of Mutual Funds of India (AMFI)). Effective January 1, 2016, if price for New security purchased is not available from CRISIL and ICRA, the security will be valued at weighted average traded price available on public platform (namely FIMMDA, NSE and BSE), provided there is at least one trade of Rs.5 crores or more for Bonds and at least one trade of Rs. 25 crores or more for Money Market Instruments as against the earlier practice of valuing at weighted average price available on public platform (namely FIMMDA, NSE WDM, BSE ICDM) , provided there are at least two trades aggregating to Rs. 25 crores or more for debt securities with residual maturity of greater than 365 days on the valuation date and at least three trades aggregating to Rs. 100 crores or more for debt securities with residual maturity greater than 60 days and less than or equal to 365 days on the valuation date.
- Effective June 3, 2016 all Debt securities (except for Zero Coupon Bonds, Government Securities and Treasury Bills), with residual maturity upto 60 days on the date of valuation, which are traded on the valuation date, are valued at the weighted average traded price available on the public platform (namely FIMMDA, NSE and BSE), provided there are at least three trades aggregating to Rs 100 crores or more. Outlier trades, if any, are excluded based on suitable justification. Prior to June 3, 2016 and effective from January 1, 2016 the same were being valued at the weighted average traded price available on the public platform (namely FIMMDA, NSE and BSE), provided there was at least one trade of Rs. 5 crores or more for Bonds and at least one trade of Rs 25 crores or more for Money Market Instrument as against the earlier practice of valuing at weighted average price available on public platform (namely FIMMDA, NSE WDM, BSE ICDM) provided there were at least three trades aggregating to Rs.100 crores or more. When such securities are not traded on a particular valuation day, they are valued on amortisation basis. Effective June 3, 2016, in case the variance between the amortised price and the reference price exceeds plus/ minus 0.10%, the valuation is adjusted to bring it within the band of +/-0.10% as against the earlier practice of considering reference price for valuation. Reference price is the price derived from risk free benchmark yields plus/ minus spread.
- The securities with call option are valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is taken as the value of the instruments.
- The securities with put option are valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is taken as the value of the instruments.
- Investment in Zero Coupon Bonds with residual maturity greater than 60 days, on the valuation date, are valued at the weighted average price obtained from CRISIL and ICRA (agency(ies) appointed/ designated for the said purpose by AMFI). Effective from January 1, 2016, if price for New security purchased is not available from CRISIL and ICRA , the security will be valued at weighted average traded price available on public platform (namely NSE and BSE), provided there is at least one trade of Rs. 5 crores or more. Prior to January 1, 2016, if the price of Zero Coupon Bond was not available from CRISIL and ICRA, the security was valued at weighted average traded yield available on public platform (namely FIMMDA, NSE WDM and BSE ICDM) as per qualification criteria as mentioned below:

(a) Maturity greater than 60 days and less than or equal to 365 days there were at least three trades aggregating to Rs. 100 crores or more

(b) Maturity greater than 365 days at least two trades aggregating to Rs. 25 crores or more.

- Effective June 3, 2016 Investment in Zero Coupon Bonds with residual maturity upto 60 days on the date of valuation, which are traded on the valuation date, are valued at the weighted average traded price available on the public platform (namely NSE and BSE), provided there are at least three trades aggregating to of Rs. 100 crores or more. Outlier trades, if any, are excluded based on suitable justification. Prior to June 3, 2016 and effective from January 1, 2016, investment in Zero Coupon Bonds with residual maturity upto 60 days on the date of valuation, if traded were valued at the weighted average traded price available on the public platform (namely NSE and BSE), provided there was at least one trade of Rs. 5 crores or more as against the earlier practice of valuing at the weighted average traded yield available on the public platform (namely FIMMDA, NSE WDM and BSE ICDM), for the trade criteria of at least three trades aggregating to Rs. 100 crores or more . When such securities are not traded on a particular valuation day, they are valued on amortisation basis. Effective from June 3, 2016 In case the variance between the amortised price and the reference price exceeds plus/ minus 0.10%, the valuation is adjusted to bring it within the band of +/-0.10% as against the earlier practice of considering the reference price for valuation. Reference price is the price derived from risk free benchmark yields plus/ minus spread.
- Effective June 3, 2016 , Investment in Government Securities and Treasury Bills with residual maturity up to 60 days on the date of valuation, which are traded on the valuation date, are valued at the weighted average traded price available on the public platform namely CCIL provided there are at least three trades aggregating to of Rs.100 crores or more. Outlier trades, if any, are excluded based on suitable justification. Prior to June 3, 2016 and effective from January 1, 2016 , Investment in Government Securities and Treasury Bills with residual maturity up to 60 days on the date of valuation, which are traded on the valuation date, are valued at the weighted average traded price available on the public platform namely CCIL provided there was at least one trade aggregating to Rs. 5 crores or more for Bonds and at least one trade of Rs 25 crores or more for Money Market Instrument as against the earlier practice of weighted average traded price available on the public platform namely CCIL provided there were at least three trades aggregating to Rs. 100 crores or more. When such securities are not traded on a particular valuation day, they are valued on amortisation basis. The amortised price is used as long as it is within plus/ minus 0.10% of the reference price. Effective from June 3, 2016, in case the variance between the amortised price and the reference price exceeds plus/ minus 0.10%, the valuation is adjusted to bring it within the band of +/-0.10% as against the earlier practice of considering reference price for valuation. Reference price is the price derived from risk free benchmark yield plus/ minus spread.

- Investment in Government Securities and Treasury Bills with residual maturity greater than 60 days on the date of valuation are valued based on the average of the prices provided by the CRISIL and ICRA(agency(ies) entrusted for the said purpose by AMFI).

- All other investments are stated at their fair value as determined in good faith by the AMC in accordance with the SEBI Regulations and reviewed by the Trustee.

- The net unrealised gain or loss in the value of investments is determined separately for each category of investments. The change in the net unrealised loss, if any, between two balance sheet dates is recognised in the revenue account and the change in net unrealised gain, if any, is adjusted in an unrealised appreciation reserve. The loss on investments sold/transferred during the year is charged to the revenue account.

(d) Revenue recognition

- Dividend income is recognised on the ex-dividend date.
- Interest income is recognised on an accrual basis.
- Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

(e) Equalisation account

- The purpose of equalization account is to maintain per unit amount of a Plan's/Option's share of the Scheme's undistributed income, so that continuing unit holders' share of undistributed income remains unchanged on issue or redemption of units under that Plan/Option.

- Pursuant to SEBI circular dated March 15, 2010, the Trustee/AMC has changed the method of calculating equalization per unit w.e.f. that date viz:

a) When the sale price is higher than the face value of the unit, the total accumulated undistributed income (including realized gains) till the date of the transaction is determined. Based on the number of units outstanding on the transaction date, the undistributed income (including realized gains) associated with each unit is computed. The per unit amount so determined is credited and debited to the equalization account on issue and redemption of each unit respectively.

b) When the sale price is lower than the face value of the unit, the difference between the Net asset value and the par value is debited and credited to the equalization account on issue and redemption of unit respectively.

(f) Load charges

- Load charged upto 1% at the time of redemption of units prior to October 1, 2012 and Load charged at the time of purchase of units, wherever applicable, are being utilised towards meeting distribution and marketing expenses.

In accordance with the SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, entire amount of Exit load/ CDSC collected is credited to the respective scheme net of taxes as "Other Income".

Unutilised amount of load is carried forward to subsequent period. If the amount is considered in excess by the AMC / Trustees, then such excess amount is credited to the respective Schemes as Other Income.

(g) Investor education and awareness initiatives

- In accordance with SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, the fund is accruing 0.02% p.a. on daily net assets towards investor education and awareness initiatives. Unutilised amount is carried forward to the subsequent period. Interest earned, if any, by investment of unutilized amount in Fixed deposits, is credited to the Investor Education Liability.

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Schedules	FRANKLIN BUILD INDIA FUND			
	Quantity		Amount	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
3 UNIT CAPITAL				
Units of Rs 10 each fully paid up				
Growth Plan				
Outstanding, beginning of year	128,001,369.021	90,456,639.126	1,280,015	904,567
Issued during the year	61,325,737.811	67,034,500.003	613,257	670,346
Redeemed during the year	(33,814,938.469)	(29,489,770.108)	(338,149)	(294,898)
Outstanding, end of year	<u>155,512,168.363</u>	<u>128,001,369.021</u>	<u>1,555,123</u>	<u>1,280,015</u>
Dividend Plan				
Outstanding, beginning of year	51,356,114.000	41,310,780.475	513,560	413,107
Issued during the year	14,175,828.751	17,750,206.451	141,759	177,502
Redeemed during the year	(7,929,462.932)	(7,704,872.926)	(79,295)	(77,049)
Outstanding, end of year	<u>57,602,479.819</u>	<u>51,356,114.000</u>	<u>576,024</u>	<u>513,560</u>
Direct Growth Plan				
Outstanding, beginning of year	30,441,754.816	18,619,488.482	304,416	186,194
Issued during the year	23,134,784.461	20,777,338.543	231,348	207,773
Redeemed during the year	(7,753,613.345)	(8,955,072.209)	(77,536)	(89,551)
Outstanding, end of year	<u>45,822,925.932</u>	<u>30,441,754.816</u>	<u>458,228</u>	<u>304,416</u>
Direct Dividend Plan				
Outstanding, beginning of year	5,527,578.829	3,200,758.618	55,277	32,009
Issued during the year	2,567,098.288	3,550,535.665	25,671	35,505
Redeemed during the year	(771,392.529)	(1,223,715.454)	(7,714)	(12,237)
Outstanding, end of year	<u>7,323,284.588</u>	<u>5,527,578.829</u>	<u>73,234</u>	<u>55,277</u>
Total				
Outstanding, beginning of year	215,326,816.666	153,587,666.701	2,153,268	1,535,877
Issued during the year	101,203,449.311	109,112,580.662	1,012,035	1,091,126
Redeemed during the year	(50,269,407.275)	(47,373,430.697)	(502,694)	(473,735)
Outstanding, end of year	<u>266,260,858.702</u>	<u>215,326,816.666</u>	<u>2,662,609</u>	<u>2,153,268</u>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Schedules	FRANKLIN BUILD INDIA FUND	
	March 31, 2017	March 31, 2016
4. RESERVES AND SURPLUS		
Unit premium reserve		
Balance, beginning of year	1,177,202	647,582
Net premium on issue/(redemption) of units	441,934	529,620
Balance, end of year	1,619,136	1,177,202
Unrealised appreciation reserve		
Balance, beginning of period	-	750,364
Change in net unrealised appreciation in value of investments	1,229,721	(750,364)
Balance, end of period	1,229,721	-
Retained surplus		
Balance, beginning of period	2,116,488	1,268,182
Transfer to Revenue Account	(2,116,488)	(1,268,182)
Net surplus transferred from revenue account	3,231,779	2,116,488
Balance, end of period	3,231,779	2,116,488
Total reserves and surplus	6,080,636	3,293,690
5. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Management fees	9,805	7,326
Trusteeship fees	20	12
Registrar service charges	815	568
Load pending utilisation	1	-
Investor Education Liability	437	700
Sundry creditors for units redeemed by investors	16,629	7,611
Contracts for purchase of investments	-	38,607
Dividend payable	97	150
Unclaimed distributed income	-	1,473
Unclaimed redemption payable	-	732
Units pending allotment	2,051	2,146
Other current liabilities	8,168	3,134
	38,023	62,459
6. INVESTMENTS		
(i) The investments of the Scheme are registered in the name of the Fund for the benefit of the Scheme's unitholders.		
(ii) Aggregate appreciation and depreciation in the value of investments are as follows:		
Listed Securities / Securities Awaited Listing / Unlisted Securities / Foreign Securities:		
(Equity shares / Preference shares / Foreign securities)		
- appreciation	1,369,429	404,893
- depreciation	139,707	448,695
(iii) The aggregate value of investments purchased and sold by the Scheme during the period and these amounts as a percentage of average daily net assets are as follows:		
Purchases		
- amount	4,032,677	3,632,304
- as a percentage of average daily net assets	59.67	70.72
Sales		
- amount	2,873,894	2,011,704
- as a percentage of average daily net assets	42.52	39.17
(iv) During the year, the Scheme has invested in the equity shares / debentures and bonds of certain companies, which have invested in some of the schemes of the Fund in excess of five percent of those schemes' Net Assets. The Scheme's investments in these companies (except for investments in subsidiaries of these companies) as at March 31, 2017 are provided in Annexure 1.		

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Schedules	FRANKLIN BUILD INDIA FUND	
	March 31, 2017	March 31, 2016
7. OTHER CURRENT ASSETS		
Cash and Bank Balance		
Balances with banks in current accounts	10,826	7,151
Unclaimed dividend bank account	-	658
Unclaimed redemption bank account	-	174
	<u>10,826</u>	<u>7,983</u>
CBLO/ Reverse Repo Lending		
Collateralised lending/Reverse repo	607,972	289,715
Unclaimed Redemption - CBLO	-	558
Unclaimed Dividend - CBLO	-	815
	<u>607,972</u>	<u>291,088</u>
Others		
Sundry debtors for units issued to investors	9,150	2,017
Outstanding and accrued income	97	60
Contracts for sale of investments	-	87,978
Margin money	5,410	3,459
	<u>14,657</u>	<u>93,514</u>
TOTAL	<u>633,455</u>	<u>392,585</u>
8. INTEREST		
On Collateralised lending / Reverse repo	27,744	25,956
	<u>27,744</u>	<u>25,956</u>
9 INCOME AND EXPENDITURE		
The total income and expenditure and these amounts as a percentage of the Scheme's average daily net assets on an annualised basis are provided below:		
Income		
- amount	718,547	565,951
- as a percentage of average daily net assets	<u>10.63</u>	<u>11.05</u>
Expenditure		
- amount	170,380	135,111
- as a percentage of average daily net assets		
Regular Plan	2.79	2.86
Direct Plan	<u>1.39</u>	<u>1.29</u>
Management Fees (including service tax)		
- amount	103,649	74,834
- as a percentage of average daily net assets		
Regular Plan	1.62	1.53
Direct Plan	<u>1.17</u>	<u>1.04</u>
Trusteeship Fees (including service tax)		
- amount	203	154
- as a percentage of average daily net assets	<u>0.003</u>	<u>0.003</u>

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Schedules

10. NET ASSET VALUE

FRANKLIN BUILD INDIA FUND	
March 31, 2017	March 31, 2016
Net asset value of each unit of Rs. 10 of the Scheme	
Growth Plan (Rs)	35.7997
Direct Growth Plan (Rs)	27.4777
Dividend Plan (Rs)	37.5668
Direct Dividend Plan (Rs)	28.4381
	22.2527
	18.6324
	23.5794
	19.3870

The net asset value of the Scheme's unit is determined after including unit capital and any reserves and surplus, and reducing net deficit and accumulated unit discount, if any.

11. INCOME DISTRIBUTION

In case where the Surplus / (Deficit) for the period (after adjustment of income equalisation) is lower than the amount of distributed income (including tax on income distributed), the income has been distributed by the Scheme to its unitholders out of the distributable surplus available with the Scheme, which consists of the Surplus / (Deficit) for the period (after adjustment of income equalisation) and the retained earnings / accumulated reserves of earlier period(s).

12. PRIOR YEAR COMPARATIVES

Prior year amounts have been reclassified, wherever applicable, to conform to the current year's presentation.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

13. SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION

Details of investment portfolio and industrywise classification of the Scheme's investments in each category of investments at March 31, 2017 are presented below. The industry and company exposures are stated as a percentage of the Scheme's net assets as at March 31, 2017, as well as the aggregate investments in each investment category.

Franklin Build India Fund

Industry and Company Particulars	Quantity	Market Value	Percentage to Net Assets	Percentage to Investment Category
Equity and Equity Related				
Listed/Awaiting listing on Stock Exchanges				
Auto	2,300,000	903,655	10.33	11.09
Tata Motors Limited (DVR)	1,200,000	338,580	3.87	4.16
TVS Motor Company Limited	775,000	333,870	3.82	4.10
Escorts Limited	250,000	134,687	1.54	1.65
Mahindra & Mahindra Limited	75,000	96,518	1.10	1.18
Banks	10,200,000	3,222,696	36.87	39.56
State Bank of India	2,900,000	850,860	9.73	10.44
ICICI Bank Limited	2,500,000	692,125	7.92	8.49
HDFC Bank Limited	475,000	685,211	7.84	8.41
Axis Bank Limited	1,100,000	539,880	6.17	6.63
Punjab National Bank	1,500,000	224,850	2.57	2.76
Karur Vysya Bank Limited	1,125,000	126,000	1.45	1.56
Bank of Baroda	600,000	103,770	1.19	1.27
Cement	1,325,000	254,078	2.91	3.12
JK Lakshmi Cement Limited	250,000	115,238	1.32	1.41
Orient Cement Limited	725,000	95,265	1.09	1.18
Heidelbergcement India Limited	350,000	43,575	0.50	0.53
Construction	600,000	128,625	1.47	1.59
ITD Cementation India Limited	550,000	94,215	1.08	1.17
Somany Ceramics Limited	50,000	34,410	0.39	0.42
Consumer Durables	325,000	397,052	4.54	4.87
Whirlpool of India Limited	325,000	397,052	4.54	4.87
Ferrous Metals	2,625,000	162,713	1.86	2.00
Pennar Industries Limited	2,500,000	102,375	1.17	1.26
Tata Steel Limited	125,000	60,338	0.69	0.74
Finance	75,000	112,658	1.29	1.38
Housing Development Finance Corporation Limited	75,000	112,658	1.29	1.38
Gas	300,000	120,945	1.38	1.48
Petronet LNG Limited	300,000	120,945	1.38	1.48
Hotels, Resorts and Other Recreational Activities	1,000,000	120,450	1.38	1.48
EIH Limited	1,000,000	120,450	1.38	1.48
Industrial Products	1,997,228	624,035	7.13	7.65
SKF India Limited	100,000	159,980	1.83	1.96
MM Forgings Limited	249,228	134,633	1.54	1.65
KEI Industries Limited	650,000	118,755	1.36	1.46
NRB Bearing Limited	975,000	105,349	1.20	1.29
FAG Bearings India Limited	23,000	105,318	1.20	1.29
Media & Entertainment	400,000	113,500	1.30	1.39
Hindustan Media Ventures Limited	400,000	113,500	1.30	1.39
Petroleum Products	1,400,000	658,464	7.53	8.08
Indian Oil Corporation Limited	850,000	328,992	3.76	4.04
Bharat Petroleum Corporation Limited	325,000	211,201	2.42	2.59
Hindustan Petroleum Corporation Limited	225,000	118,271	1.35	1.45
Pharmaceuticals	80,000	373,822	4.27	4.59
Sanofi India Limited	40,000	188,118	2.15	2.31
Abbott India Limited	40,000	185,704	2.12	2.28
Power	1,250,000	207,500	2.37	2.55
NTPC Limited	1,250,000	207,500	2.37	2.55
Telecom - Services	4,400,000	747,620	8.56	9.17
Bharti Airtel Limited	1,400,000	490,070	5.61	6.01
Idea Cellular Limited	3,000,000	257,550	2.95	3.16
Total		8,147,813	93.19	100.00
OTHER CURRENT ASSETS		633,455	7.25	
TOTAL ASSETS		8,781,268	100.44	
Less: CURRENT LIABILITY		38,023	0.44	
NET ASSETS		8,743,245	100.00	

FRANKLIN TEMPLETON MUTUAL FUND
SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

	FRANKLIN BUILD INDIA FUND	
	March 31, 2017	March 31, 2016
Annexure 1		
Bharti Airtel Limited	-	228,020
Larsen and Toubro Limited	-	243,340
Mahindra & Mahindra Limited	96,518	163,445
Maruti Suzuki India Limited	-	111,489
Tata Steel Limited	-	79,925
	<u>96,518</u>	<u>826,219</u>

The aggregate purchases (other than those already disclosed earlier) made by the Scheme in these companies, during a period of one year before or after the date of the companies' investment are as follows:

Bharti Airtel Limited	-	68,218
Larsen and Toubro Limited	-	241,634
Mahindra & Mahindra Limited	203,853	77,560
Maruti Suzuki India Limited	-	51,886
Voltas Limited	15,089	-
	<u>218,942</u>	<u>439,298</u>

Note - These investments have been made because of their value at these prices in case of equity shares and for high credit quality for comparable yield for the investment in fixed income instruments. The investments made are in accordance with the investment objectives of the scheme.

HISTORICAL PER UNIT STATISTICS	FRANKLIN BUILD INDIA FUND		
	Year ended	Year ended	Year ended
	March 31, 2017	March 31, 2016	March 31, 2015
(a) Net Asset value, per unit			
Growth Plan	35.7997	27.4777	29.4194
Direct Growth Plan	37.5668	28.4381	29.9783
Dividend Plan	22.2527	18.6324	22.0434
Direct Dividend Plan	23.5794	19.3870	22.5073
(b) Gross Income:			
i) Income other than profit on sale of investment, per unit	0.45	0.34	0.20
ii) Profit / (Loss) on sale of investment to third party, per unit	2.25	2.28	2.03
iv) Transfer to Revenue Account from past year's reserve per unit	-	-	-
(c) Aggregate of expense, write offs, amortisation and charges, per unit	(0.64)	(0.63)	(0.37)
(d) Net Income, per unit	2.06	2.00	1.87
(e) Net unrealised appreciation/(depreciation) in value of investments, per unit	4.78	(3.69)	4.36
(f) i) Highest traded price	N.A.	N.A.	N.A.
ii) Lowest traded price	N.A.	N.A.	N.A.
iii) P.E. Ratio	N.A.	N.A.	N.A.
(g) Ratio of Expenses to Average Net Assets			
Regular Plan	2.79	2.86	2.92
Direct Plan	1.39	1.29	1.69
(h) Ratio of Gross Income to Average Net Assets	29.47	-4.44	49.88
(i) i) Highest repurchase price/NAV **			
Growth Plan	35.4616	30.5642	29.7317
Direct Growth Plan	37.2108	31.3309	30.2334
Dividend Plan	22.6806	22.9012	22.4332
Direct Dividend Plan	23.7858	23.5224	22.7849
ii) Highest resale price **			
Growth Plan	35.8198	30.8729	30.0320
Direct Growth Plan	37.5867	31.6474	30.5388
Dividend Plan	22.9097	23.1325	22.6598
Direct Dividend Plan	24.0261	23.7600	23.0151
iii) Lowest repurchase price/NAV **			
Growth Plan	26.6673	23.8835	15.7072
Direct Growth Plan	27.6047	24.6849	15.8467
Dividend Plan	18.0828	16.1951	12.7681
Direct Dividend Plan	18.8188	16.8284	12.8895
iv) Lowest resale price **			
Growth Plan	26.9367	24.1247	15.8659
Direct Growth Plan	27.8835	24.9342	16.0068
Dividend Plan	18.2655	16.3587	12.8971
Direct Dividend Plan	19.0089	16.9984	13.0197

Per unit calculation is based on number of units at the end of the year. Per unit statistics are disclosed for schemes/plans in existence at the end of respective years.

**The highest and lowest resale price has been determined, after adding to the NAV, the maximum entry load applicable.