

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 the Schemes of Franklin Templeton Mutual Fund mentioned below (collectively 'the Schemes'), which comprise the Balance Sheet as at March 31, 2017 and also the Revenue Account and Cash Flow Statement for the year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information. Presentation of these separate Balance Sheet, Revenue Account and Cash Flow Statement in a columnar form is not intended to indicate that they bear any relation to each other, or are interdependent or comparable in any way:

- Franklin India Prima Fund
- Franklin India Smaller Companies Fund

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, financial performance and cash flows 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 Schemes as at the March 31, 2017;
- (b) in the case of the Revenue Account, of the surplus for the year ended March 31, 2017; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended March 31, 2017.

Report on Other Legal and Regulatory Requirements

1. 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, revenue account and cash flow statement 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.
2. In our opinion, and on the basis of information and explanations given to us, the methods used to value non traded securities as at March 31, 2017 are in accordance with the SEBI Regulations and other guidelines issued by the Securities and Exchange Board of India, as applicable, and approved by the Board of Directors of Franklin Templeton Trustees Private Limited ('Trustees'), and are fair and reasonable.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E / E300005

Sd/-
per Viren H. Mehta
Partner
Membership Number: 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 INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
SOURCES OF FUNDS					
1	Unit Capital	2,697,545	2,618,075	11,152,407	7,562,517
2	Reserves and Surplus	4			
2.1	Unit Premium Reserve	494,884	-	7,593,187	1,905,687
2.2	Unrealised Appreciation Reserve	17,241,534	7,928,103	14,430,396	4,541,574
2.3	Retained Surplus	33,498,567	27,569,008	19,274,624	11,938,149
3	Current Liabilities and Provisions	5			
3.1	Current Liabilities	243,567	224,013	203,328	306,980
	TOTAL	54,176,097	38,339,199	52,653,942	26,254,907
APPLICATION OF FUNDS					
1	Investments	2(c), 6 & 16			
1.1	Listed Securities				
1.1.1	Equity Shares	49,626,943	34,415,926	48,133,791	23,763,761
1.2	Unlisted Securities				
1.2.1	Equity Shares	2	2	-	-
2	Other Current Assets	7			
2.1	Cash and Bank Balances	69,607	37,865	74,771	29,181
2.2	CBLO/ Reverse Repo Lending	4,384,142	2,710,735	4,208,142	2,422,427
2.3	Others	95,403	155,954	237,238	39,538
3	Accumulated Unit Discount, Net	8	-	-	-
	TOTAL	54,176,097	38,339,199	52,653,942	26,254,907

Notes to Accounts

1 to 16

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 For Franklin Templeton Asset Management
Services Private Limited (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/-
Sanjay Sapre
President

Sd/-
Ajay Narayan
Vice President

Mumbai

Sd/-
Alok Sethi
Director

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

Sd/-
R. Janakiraman
Vice President & Portfolio
Manager - Franklin Equity

Sd/-
Hari Shyamsunder
Vice President & Senior Research
Analyst - Franklin Equity

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

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

	Schedules	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND		
		Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	
1	INCOME					
1.1	Dividend	2(d)	346,976	395,061	260,099	307,221
1.2	Interest	2(d) & 9	223,876	188,361	221,467	154,001
1.3	Realised Gain on External Sale / Redemption of Investments, net	2(d)	3,599,128	3,526,581	1,669,276	1,378,732
1.4	Change in Unrealised Appreciation in the value of Investments	2(d)	9,313,431	(3,982,653)	9,888,822	(1,497,063)
1.5	Other Income		29,593	18,714	28,545	25,054
			13,513,004	146,064	12,068,209	367,945
2	EXPENSES					
2.1	Management Fees	10	513,570	433,444	392,922	267,369
2.2	Service Tax on Management Fees	10	76,659	60,106	58,680	37,212
2.3	Transfer Agents Fees and Expenses		53,461	47,162	48,323	33,303
2.4	Custodian Fees		3,016	2,925	2,490	1,909
2.5	Trusteeship Fees	10	1,344	1,101	1,138	729
2.6	Commission to Agents		320,087	242,828	286,196	177,596
2.7	Investor Education Expense	2(g)	8,961	7,338	7,587	4,857
2.8	Marketing and Distribution Expenses		13,872	10,955	17,589	11,329
2.9	Audit Fees		735	756	613	498
2.10	Other Operating Expenses		13,325	7,226	16,419	7,524
			1,005,030	813,841	831,957	542,326
2.11	Expenses Written Back pertaining to previous year		-	(377)	-	(55)
			1,005,030	813,464	831,957	542,271
3	NET INCOME AS PER REVENUE ACCOUNT		12,507,974	(667,400)	11,236,252	(174,326)
4	Transfer from Retained Surplus	4	27,569,008	22,526,794	11,938,149	8,589,718
5	Add: Balance Transfer from Unrealised Appreciation Reserve	4	7,928,103	11,910,756	4,541,574	6,038,637
6	Less: Balance Transfer to Unrealised Appreciation Reserve	4	17,241,534	7,928,103	14,430,396	4,541,574
7	Add / (Less): Equalisation Credit/(Debit)	2(e)	3,993,361	2,900,556	6,546,892	2,402,650
8	Total		34,756,912	28,742,603	19,832,471	12,315,105
9	Dividend Appropriation					
9.1	Income Distributed During the Year	14	(1,258,345)	(1,173,595)	(557,847)	(376,956)
10	NET SURPLUS / (DEFICIT) FOR THE YEAR TRANSFERRED TO BALANCE SHEET	8	33,498,567	27,569,008	19,274,624	11,938,149

Notes to Accounts

1 to 16

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 For Franklin Templeton Asset Management
Services Private Limited (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/-
Sanjay Sapre
President

Sd/-
Ajay Narayan
Vice President

Mumbai

Sd/-
Alok Sethi
Director

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

Sd/-
R. Janakiraman
Vice President & Portfolio
Manager - Franklin Equity

Sd/-
Hari Shyamsunder
Vice President & Senior Research
Analyst - Franklin Equity

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

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

	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cashflow from Operating Activities				
A. Surplus for the year before equalisation and income distribution	12,507,974	(667,400)	11,236,252	(174,326)
Add / (Less) :Change in Unrealised Appreciation in value of Investments	(9,313,431)	3,982,653	(9,888,822)	1,497,063
Add / (Less) :Expenses Written Back pertaining to previous year	-	(377)	-	(55)
Adjustments for:-				
(Increase)/Decrease in Investments at Cost	(5,827,638)	(7,097,050)	(14,756,779)	(6,518,069)
(Increase)/Decrease in Other Current Assets	(12,805)	13,031	(3,914)	(5,364)
Increase/(Decrease) in Current Liabilities	39,725	(7,895)	46,180	5,915
Net Cash Generated from/(used in) Operations (A)	(2,606,175)	(3,777,038)	(13,367,083)	(5,194,836)
B Cashflow from Financing Activities				
Increase/(Decrease) in Unit Capital	(8,628)	174,735	3,534,954	1,534,111
Increase/(Decrease) in Unit Premium	5,110,423	3,946,663	12,144,683	4,076,446
Adjustments for:-				
Increase/(Decrease) in Sundry Creditors for Units Redeemed by Investors	13,691	12,191	(29,213)	87,584
(Increase)/Decrease in Sundry Debtors for Units Issued to Investors	(28,398)	10,034	(30,151)	5,238
Dividend paid during the year	(790,308)	(738,331)	(419,394)	(273,977)
Increase/(Decrease) in Unclaimed redemption	(8,696)	1,944	(9,530)	3,370
Increase/(Decrease) in units pending allotment	23,240	(11,413)	7,039	(20,823)
Net Cash (used in)/Generated from Financing Activities (B)	4,311,324	3,395,823	15,198,388	5,411,949
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)	1,705,149	(381,215)	1,831,305	217,113
Cash and Cash Equivalents as at the beginning of the Year	2,748,600	3,129,815	2,451,608	2,234,495
Cash and Cash Equivalents as at the end of the Year	4,453,749	2,748,600	4,282,913	2,451,608
Components of Cash and Cash Equivalents				
Balances with Banks in Current Accounts*	4,453,749	2,748,600	4,282,913	2,451,608
	4,453,749	2,748,600	4,282,913	2,451,608

*Includes CBLO & Reverse Repo balances and balances in unclaimed redemption / dividend bank account held towards unclaimed redemption / dividend liabilities of the Scheme

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

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Director

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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/-
R. Janakiraman
Vice President & Portfolio
Manager - Franklin
Equity

Sd/-
Srikesh Nair
Senior Manager &
Research Analyst -
Franklin Equity

Sd/-
Hari Shyamsunder
Vice President & Senior
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 schemes covered in the financial statement are as under:

Scheme Name	Nature of the Scheme	Date of Allotment	Scheme Objective	Plans Offered
Franklin India Prima Fund	Open Ended Mutual Fund Scheme	December 1, 1993	The Scheme aims to achieve capital appreciation through investments in relatively smaller, faster growing companies.	The Scheme offers its investors two plans: the Dividend Plan and 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'.
Franklin India Smaller Companies Fund	Open Ended Mutual Fund Scheme	November 16, 2005	The Scheme seeks to provide long-term capital appreciation by investing in mid and small cap companies.	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.

Presentation of these separate Balance Sheets, the Revenue Accounts and the Cash Flows in a columnar form is not intended to indicate that they bear any relation to each other, or are interdependent or comparable in any way.

(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 year 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 period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

Valuation of investments

- Effective December 1, 2014, 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). Prior to that, Traded Equity, Equity related Securities and Preference Shares were valued at the last quoted closing price on the Bombay Stock Exchange (BSE). If a security was not traded on BSE, it was valued at the last quoted closing price on National Stock Exchange of India Limited (NSE) or any other stock exchange (in that order).
- 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.
- Effective July 1, 2016, in case of schemes eligible to invest in foreign securities wherein the NAV is computed and declared on the next business day, the foreign securities would be valued at the last available traded or quoted price on the relevant stock exchange at the time of computation of NAV. Earlier such securities were 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. Unrealised foreign exchange gain or loss on account of exchange rate fluctuation is credited / debited to Reserves & Surplus / Profit & Loss account respectively on the date of valuation.
- In respect of non traded/ thinly traded Foreign securities, the valuation is stated at fair value as determined In good faith by the AMC.
- 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.

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)

- 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 and this change has no impact during the period. 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 instrument.
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 reference price for valuation and this change has no impact during the period. 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 and this change has no impact during the period. 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 till the date of the transaction is determined. Based on the number of units outstanding on the transaction date, the undistributed income associated with each unit is computed. The per unit amount so determined is credited and debited to the equalisation 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 equalisation account on issue and redemption of unit respectively.
- (f) Load charges
- All loads, including Contingent and Deferred Sales Charges, charged at the time of purchase and sale of units is being utilised towards meeting distribution and marketing expenses. The utilization from the balances as at July 31, 2009 is restricted to a maximum of one third of the load balances as at that date
 - 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 the subsequent year. 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.

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

Schedules	FRANKLIN INDIA PRIMA FUND				FRANKLIN INDIA SMALLER COMPANIES FUND			
	Quantity		Amount		Quantity		Amount	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	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	34,279,893.864	30,568,306.694	342,799	305,684	479,682,822.125	383,097,989.581	4,796,828	3,830,980
Issued during the year	15,386,727.868	12,424,264.726	153,866	124,242	355,854,372.881	210,265,815.240	3,558,544	2,102,658
Redeemed during the year	(9,550,650.289)	(8,712,677.556)	(95,507)	(87,127)	(120,742,696.173)	(113,680,982.696)	(1,207,427)	(1,136,810)
Outstanding, end of year	<u>40,115,971.443</u>	<u>34,279,893.864</u>	<u>401,158</u>	<u>342,799</u>	<u>714,794,498.833</u>	<u>479,682,822.125</u>	<u>7,147,945</u>	<u>4,796,828</u>
Dividend Plan								
Outstanding, beginning of year	211,088,285.631	198,761,246.207	2,110,884	1,987,613	178,307,169.454	154,764,210.013	1,783,073	1,547,643
Issued during the year	52,074,360.386	49,202,573.586	520,744	492,026	96,267,251.997	66,333,786.126	962,673	663,338
Redeemed during the year	(51,244,277.111)	(36,875,534.162)	(512,444)	(368,755)	(63,729,794.347)	(42,790,826.685)	(637,298)	(427,908)
Outstanding, end of year	<u>211,918,368.906</u>	<u>211,088,285.631</u>	<u>2,119,184</u>	<u>2,110,884</u>	<u>210,844,627.104</u>	<u>178,307,169.454</u>	<u>2,108,448</u>	<u>1,783,073</u>
Direct Growth Plan								
Outstanding, beginning of year	3,608,200.559	2,295,256.023	36,081	22,952	83,758,472.173	51,624,302.369	837,586	516,244
Issued during the year	3,883,104.174	2,251,403.909	38,831	22,514	98,567,370.488	58,675,617.815	985,673	586,756
Redeemed during the year	(2,420,698.425)	(938,459.373)	(24,207)	(9,385)	(17,280,047.323)	(26,541,448.011)	(172,801)	(265,414)
Outstanding, end of year	<u>5,070,606.308</u>	<u>3,608,200.559</u>	<u>50,705</u>	<u>36,081</u>	<u>165,045,795.338</u>	<u>83,758,472.173</u>	<u>1,650,458</u>	<u>837,586</u>
Direct Dividend Plan								
Outstanding, beginning of year	12,831,156.315	4,721,780.957	128,312	47,218	14,503,210.603	8,493,274.599	145,030	84,931
Issued during the year	7,501,922.047	9,356,679.216	75,019	93,567	22,652,921.490	11,016,769.456	226,529	110,167
Redeemed during the year	(7,683,534.437)	(1,247,303.858)	(76,835)	(12,473)	(12,600,321.913)	(5,006,833.452)	(126,002)	(50,068)
Outstanding, end of year	<u>12,649,543.925</u>	<u>12,831,156.315</u>	<u>126,496</u>	<u>128,312</u>	<u>24,555,810.180</u>	<u>14,503,210.603</u>	<u>245,557</u>	<u>145,030</u>
Total								
Outstanding, beginning of year	261,807,536.369	236,346,589.881	2,618,076	2,363,466	756,251,674.355	597,979,776.562	7,562,517	5,979,798
Issued during the year	78,846,114.475	73,234,921.437	788,460	732,349	573,341,916.856	346,291,988.637	5,733,419	3,462,919
Redeemed during the year	(70,899,160.262)	(47,773,974.949)	(708,993)	(477,740)	(214,352,859.756)	(188,020,090.844)	(2,143,528)	(1,880,200)
Outstanding, end of year	<u>269,754,490.582</u>	<u>261,807,536.369</u>	<u>2,697,543</u>	<u>2,618,075</u>	<u>1,115,240,731.455</u>	<u>756,251,674.355</u>	<u>11,152,408</u>	<u>7,562,517</u>

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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)

Schedules	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
4. RESERVES AND SURPLUS				
Unit premium reserve				
Balance, beginning of year	-	-	1,905,687	178,928
Net premium on issue/(redemption) of units	494,884	-	5,687,500	1,726,759
Balance, end of year	494,884	-	7,593,187	1,905,687
Unrealised appreciation reserve				
Balance, beginning of year	7,928,103	11,910,756	4,541,574	6,038,637
Change in net unrealised appreciation in value of investments	9,313,431	(3,982,653)	9,888,822	(1,497,063)
Balance, end of year	17,241,534	7,928,103	14,430,396	4,541,574
Retained surplus				
Balance, beginning of year	27,569,008	22,526,794	11,938,149	8,589,718
Transfer to Revenue Account	(27,569,008)	(22,526,794)	(11,938,149)	(8,589,718)
Net surplus / (Deficit) transferred from revenue account	33,498,567	27,569,008	19,274,624	11,938,149
Balance, end of year	33,498,567	27,569,008	19,274,624	11,938,149
Total reserves and surplus	51,234,985	35,497,111	41,298,207	18,385,410
5. CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Management fees	52,446	40,153	42,273	30,736
Trusteeship fees	120	83	115	57
Registrar service charges	4,721	3,564	4,825	2,651
Load pending utilisation	1	-	-	-
Investor Education Liability	2,831	5,170	2,570	3,394
Sundry creditors for units redeemed by investors	78,967	65,276	73,574	102,787
Contracts for purchase of investments	24,804	56,609	24,804	136,738
Dividend payable	17	1	1,242	111
Unclaimed distributed income	-	16,615	-	7,324
Unclaimed redemption payable	-	8,696	-	9,530
Units pending allotment	27,017	3,777	9,830	2,791
Other current liabilities	52,643	24,069	44,095	10,860
	243,567	224,013	203,328	306,979
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 Equity shares / Awaiting listing on Stock Exchanges				
Listed Securities / Securities Awaited Listing / Unlisted Securities / Foreign Securities:				
(Equity shares / Preference shares / Foreign securities)				
- appreciation	17,351,742	9,107,897	14,892,150	5,544,268
- depreciation	110,208	1,179,794	461,754	1,002,694
(iii) The aggregate value of investments purchased and sold by the Scheme during the year and these amounts as a percentage of average daily net assets are as follows:				
Purchases				
- amount	14,008,180	12,239,398	17,387,074	8,566,572
- as a percentage of average daily net assets	31.28	33.37	45.88	35.29
Sales				
- amount	11,709,722	8,745,001	4,575,142	3,362,470
- as a percentage of average daily net assets	26.15	23.84	12.07	13.85
(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.				
These investments have been made on account of their value at the related prices and are in accordance with the investment objectives of the Scheme.				

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)

Schedules	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
7. OTHER CURRENT ASSETS				
Cash and Bank Balance				
Balances with banks in current accounts	69,607	31,559	74,771	23,293
Unclaimed dividend bank account	-	4,024	-	2,302
Unclaimed redemption bank account	-	2,282	-	3,586
	<u>69,607</u>	<u>37,865</u>	<u>74,771</u>	<u>29,181</u>
CBLO/ Reverse Repo Lending				
Collateralised lending/Reverse repo	4,384,142	2,691,729	4,208,142	2,411,461
Unclaimed Redemption - CBLO	-	6,414	-	5,944
Unclaimed Dividend - CBLO	-	12,592	-	5,022
	<u>4,384,142</u>	<u>2,710,735</u>	<u>4,208,142</u>	<u>2,422,427</u>
Others				
Sundry debtors for units issued to investors	39,057	10,659	41,344	11,197
Outstanding and accrued income	697	560	669	501
Contracts for sale of investments	9,181	110,935	163,639	-
Advances and deposits	4,516	4,516	-	-*
Margin money	41,952	29,284	31,586	27,840
	<u>95,403</u>	<u>155,954</u>	<u>237,238</u>	<u>39,538</u>
TOTAL	<u>4,549,152</u>	<u>2,904,554</u>	<u>4,520,151</u>	<u>2,491,146</u>
*:- Amount is less than rupees one thousand				
8. ACCUMULATED UNIT DISCOUNT, NET				
Balance, beginning of year	1,018,717	2,416,697	-	-
Net premium on (issue) / redemption of units	(1,018,717)	(1,397,980)	-	-
Balance, end of year	<u>-</u>	<u>1,018,717</u>	<u>-</u>	<u>-</u>
9. INTEREST				
On Collateralised lending / Reverse repo	223,672	187,215	221,033	154,001
On Fixed deposits	204	1,145	434	-
	<u>223,876</u>	<u>188,361</u>	<u>221,467</u>	<u>154,001</u>
10. 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	4,199,573	4,128,717	2,179,387	1,865,008
- as a percentage of average daily net assets	<u>9.38</u>	<u>11.26</u>	<u>5.75</u>	<u>7.68</u>
Expenditure				
- amount	1,005,030	813,464	831,957	542,271
- as a percentage of average daily net assets				
Regular Plan	2.34	2.30	2.41	2.40
Direct Plan	<u>1.32</u>	<u>1.08</u>	<u>1.14</u>	<u>0.92</u>
Management fees (including service tax)				
- amount	590,229	493,550	451,602	304,581
- as a percentage of average daily net assets				
Regular Plan	1.34	1.38	1.24	1.33
Direct Plan	<u>1.13</u>	<u>0.88</u>	<u>0.93</u>	<u>0.70</u>
Trusteeship fees (including service tax)				
- amount	1,344	1,101	1,138	729
- as a percentage of average daily net assets	<u>0.003</u>	<u>0.003</u>	<u>0.003</u>	<u>0.003</u>

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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)

Schedules	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
12. NET ASSET VALUE				
Net asset value of each unit of Rs. 10 of the Scheme				
Growth Plan (Rs)	859.6070	650.7346	51.6690	38.1886
Direct Growth Plan (Rs)	898.6244	673.4979	54.0770	39.4818
Dividend Plan (Rs)	66.1134	55.0710	27.8418	22.3492
Direct Dividend Plan (Rs)	<u>69.6765</u>	<u>57.2329</u>	<u>29.4221</u>	<u>23.2333</u>

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.

13. SEGMENT REPORTING

The scheme operates only in one segment viz. to primarily generate returns, based on schemes' investment objective.

14. INCOME DISTRIBUTION

In case where the Surplus / (Deficit) for the year (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 year (after adjustment of income equalisation) and the retained earnings / accumulated reserves of earlier year(s).

15. PRIOR YEAR COMPARATIVES

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

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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)

11. RELATED PARTY DISCLOSURES

The Scheme has entered into transactions with certain related parties. The information required in this regard in accordance with Accounting Standard 18 on 'Related Party Disclosures' issued by the ICAI and Regulation 25(8) of the SEBI Regulations, is provided below.

(i) **Related party relationships**

Name	Description of relationship
a) Where control exists	
Franklin Resources Inc	Ultimate holding Company of the sponsor
Templeton Worldwide Inc (TW) USA	Holding Company of the Sponsor
Templeton International Inc, USA	Sponsor of the Fund
Franklin Templeton Capital Holdings Pte Limited (Singapore)	Subsidiary of the Sponsor
Franklin Templeton Asia Holdings Pte Limited (Singapore)	Sub-Subsidiary of the Sponsor
Franklin Templeton Holding Limited , Mauritius	Holding Company of the Scheme's Asset Manager/ Sub-Subsidiary of the Sponsor
Franklin Templeton Asset Management (India) Private Limited	Scheme's asset manager./ Sub-subsidiary of the Sponsor
Franklin Templeton Trustee Services Private Limited	Trustee of the Fund

b) Other Related Parties with whom transactions have taken place during the period

ITI Capital Markets Limited (under liquidation)	Subsidiary of the Scheme's Asset Manager
Mywish Market Places Pvt Ltd	Associate of the Scheme's Asset Manager

Schemes of the Fund, under common control of the Sponsor

Franklin Asian Equity Fund	Franklin India Life Stage Fund of Funds
Franklin Build India Fund	Franklin India Low Duration Fund
Franklin India Balanced Fund	Franklin India Monthly Income Plan
Franklin India Banking & PSU Debt Fund	Franklin India Multi-Asset Solution Fund
Franklin India BlueChip Fund	Franklin India Opportunities Fund
Franklin India Cash Management Account	Franklin India Pension Plan
Franklin India Corporate Bond Opportunities Fund	Franklin India Prima Plus
Franklin India Dynamic Accrual Fund	Franklin India Savings Plus Fund
Franklin India Dynamic Pe Ratio Fund Of Funds	Franklin India Short Term Income Plan
Franklin India Feeder - Franklin European Growth Fund	Franklin India Smaller Companies Fund
Franklin India Feeder - Franklin U.S. Opportunities Fund	Franklin India Taxshield
Franklin India Flexi Cap Fund	Franklin India Treasury Management Account
Franklin India Government Securities Fund - Composite Plan & Pf Plan	Franklin India Ultra Short Bond Fund
Franklin India Government Securities Fund - Long Term Plan	Franklin India Fixed Maturity Plans – Series 1- Plan A (1108 Days)
Franklin India High Growth Companies Fund	Franklin Infotech Fund
Franklin India Income Builder Account	Templeton India Equity Income Fund
Franklin India Income Opportunities Fund	Templeton India Growth Fund
Franklin India Index Fund Nifty Plan	

(ii) **Transactions, if any, with the above mentioned related parties as defined under Accounting Standard 18 and Regulation 25(8) of the SEBI Regulations are provided below:**

Franklin India Prima Fund					
Name of related party	Nature of transactions	Year Ended 2017	Balance as at March 31, 2017	Year Ended 2016	Balance as at March 31, 2016
Franklin Templeton Trustee Services Private Limited	Fees for trusteeship services	1,344	120	1,101	83
Franklin Templeton Asset Management (India) Private Limited	Registrar service charges	53,461	4,721	47,162	3,564
	Fees for management services	590,229	52,446	493,550	40,153
<u>Schemes under common control</u>					
<u>Investment in the Plan</u>					
<u>Direct Growth Plan</u>					
Franklin India Life Stage Fund of Funds - 20% Plan	Subscriptions	1,857	-	2,101	-
	Redemptions	5,807	-	3,062	-
	Net asset value of investment at balance sheet date		21,301		19,381
Franklin India Life Stage Fund of Funds - 30% Plan	<u>Direct Growth Plan</u>				
	Subscriptions	967	-	1,211	-
	Redemptions	2,296	-	2,047	-
	Net asset value of investment at balance sheet date		7,543		6,826
Franklin India Life Stage Fund of Funds - 40% Plan	<u>Direct Growth Plan</u>				
	Subscriptions	2,021	-	2,560	-
	Redemptions	3,924	-	3,148	-
	Net asset value of investment at balance sheet date		15,260		13,188
Franklin Templeton Asset Management (India) Private Limited	<u>Investment in the Plan</u>				
	<u>Direct Growth Plan</u>				
	Subscriptions	-	-	5,000	-
	Redemptions	-	-	-	-
	Net asset value of investment at balance sheet date		6,794		5,092
Mywish Market Places Pvt Ltd	Commission for distribution of the Scheme's units (#)	0.08*	-	-	-
ITI Capital Markets Limited*	Commission for distribution of the Scheme's units (#)	-	-	49*	-

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)

Franklin India Smaller Companies Fund

Name of related party	Nature of transactions	Year Ended 2017	Balance as at March 31, 2017	Year Ended 2016	Balance as at March 31, 2016
Franklin Templeton Trustee Services Private Limited	Fees for trusteeship services	1,138	115	729	57
Franklin Templeton Asset Management (India) Private Limited	Registrar service charges	48,323	4,825	33,303	2,651
	Fees for management services	451,602	42,273	304,581	30,736
	<u>Investment in the Plan</u>				
	Direct Growth Plan				
	Subscriptions	-		5,000	
	Redemptions	-		-	
	Net asset value of investment at balance sheet date		7,032		5,134
Mywish Market Places Pvt Ltd	Commission for distribution of the Scheme's units (#)	0.04 [#]	-	-	-

The commission is at rates similar to those offered to other distributors by the scheme.

[#]This represents the amount paid / payable for the year and does not necessarily reflect the amount charged to the Scheme's Revenue Account.

[^] Commission is paid for the business mobilized prior to October 2003. Effective September 1, 2015 no commission paid to the ITI Capital Markets Ltd.

FRANKLIN TEMPLETON MUTUAL FUND
 SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017
 16. SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION

Details of investment portfolio and industrywise classification of the Scheme's investments in each category of investments as at March 31, 2017 are presented below. The industry and company exposure 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 India Prima Fund

Industry and Company Particular	Quantity	Market Value	Percentage to Net Assets	Percentage to Investment Category
Equity and Equity Related				
(a) Listed/Awaiting listing on Stock Exchanges				
Auto	5,359,473	1,729,126	3.21	3.49
Tata Motors Limited (DVR)	3,900,000	1,100,385	2.04	2.22
TVS Motor Company Limited	1,459,473	628,741	1.17	1.27
Auto Ancillaries	9,569,438	3,820,765	7.09	7.69
WABCO India Limited	175,547	1,022,754	1.90	2.06
Apollo Tyres Limited	4,683,261	969,049	1.80	1.95
Ekide Industries Limited	3,930,952	881,909	1.63	1.78
Balkrishna Industries Limited	438,418	607,713	1.13	1.22
Amara Raja Batteries Limited	381,260	339,340	0.63	0.68
Banks	23,326,316	8,109,487	15.04	16.33
Yes Bank Limited	1,430,336	2,212,373	4.10	4.46
HDFC Bank Limited	934,200	1,347,630	2.50	2.72
Axis Bank Limited	2,077,788	1,019,778	1.89	2.05
Karur Vysya Bank Limited	8,613,980	964,766	1.79	1.94
Kotak Mahindra Bank Limited	893,576	779,377	1.45	1.57
City Union Bank Limited	4,724,717	716,267	1.33	1.44
IndusInd Bank Limited	381,943	584,326	1.01	1.10
Punjab National Bank	2,301,093	344,934	0.64	0.69
The Federal Bank Limited	1,968,683	180,036	0.33	0.36
Cement	1,250,493	1,169,148	2.17	2.36
JK Cement Limited	1,250,493	1,169,148	2.17	2.36
Chemicals	1,062,646	636,259	1.18	1.28
Tata Chemicals Limited	1,062,646	636,259	1.18	1.28
Construction	3,268,629	1,505,267	2.79	3.03
Kajaria Ceramics Limited	1,593,720	929,936	1.72	1.87
Sobha Limited	1,674,909	575,331	1.07	1.16
Construction Project	2,759,100	1,520,749	2.82	3.07
Voltas Limited	2,429,100	1,001,032	1.86	2.02
Larsen & Toubro Limited	330,000	519,717	0.96	1.05
Consumer Durables	7,135,323	3,384,386	6.27	6.82
Whirlpool of India Limited	874,021	1,067,791	1.98	2.15
Havells India Limited	1,893,831	882,052	1.63	1.78
Bata India Limited	1,387,522	788,043	1.46	1.59
Crompton Greaves Consumer Electricals Limited	2,979,949	646,500	1.20	1.30
Consumer Non Durables	2,023,536	1,197,577	2.22	2.41
United Breweries Limited	1,100,000	847,880	1.57	1.71
Kansai Nerolac Paints Limited	923,536	349,697	0.65	0.70
Fertilisers	1,684,709	525,377	0.97	1.06
Coromandel International Limited	1,684,709	525,377	0.97	1.06
Finance	14,374,464	5,418,864	10.05	10.91
Equitas Holdings Limited	11,253,507	1,908,032	3.54	3.84
Repro Home Finance Limited	1,623,986	1,139,551	2.11	2.30
Credit Analysis and Research Limited	446,833	756,354	1.40	1.52
Bajaj Holdings and Investment Limited	341,668	739,353	1.37	1.49
Sundaram Finance Limited	356,431	575,547	1.07	1.16
PNB Housing Finance Limited	252,039	300,027	0.56	0.60
Gas	9,377,549	2,196,978	4.07	4.43
Gujarat State Petronet Limited	7,153,796	1,155,338	2.14	2.33
Petronet LNG Limited	2,583,753	1,041,640	1.93	2.10
Healthcare Services	105,417	24,188	0.04	0.05
Healthcare Global Enterprises Limited	105,417	24,188	0.04	0.05
Hotels, Resorts and Other Recreational Activities	1,256,566	159,458	0.30	0.32
Indian Hotels Company Limited	1,256,566	159,458	0.30	0.32
Industrial Products	5,487,633	4,766,807	8.84	9.60
Finolex Cables Limited	4,030,052	2,081,723	3.86	4.19
FAG Bearings India Limited	275,740	1,262,627	2.34	2.54
SKF India Limited	461,841	738,853	1.37	1.49
Cummins India Limited	720,000	683,604	1.27	1.38
Pesticides	837,874	1,240,877	2.30	2.50
Bayer Cropscience Limited	181,813	690,199	1.28	1.39
PI Industries Limited	656,061	549,878	1.02	1.11
Petroleum Products	1,257,702	817,318	1.51	1.65
Bharat Petroleum Corporation Limited	1,257,702	817,318	1.51	1.65
Pharmaceuticals	3,371,182	2,720,778	5.05	5.49
Cadila Healthcare Limited	2,546,690	1,125,637	2.09	2.27
Torrent Pharmaceuticals Limited	724,492	1,124,846	2.09	2.27
Sanofi India Limited	100,000	470,295	0.87	0.95
Power	1,328,637	1,117,650	2.07	2.25
CESC Limited	1,328,637	1,117,650	2.07	2.25
Retailing	5,620,074	1,058,902	1.96	2.14
Aditya Birla Fashion and Retail Limited	5,218,724	802,901	1.49	1.62
Avenue Supermarts Limited	401,350	256,001	0.47	0.52
Software	4,206,600	3,651,322	6.77	7.36
Oracle Financial Services Software Limited	258,180	985,150	1.83	1.98
Eclers Services Limited	604,542	852,706	1.58	1.72
Mindtree Limited	1,518,672	687,883	1.28	1.39
Info Edge (India) Limited	816,000	653,779	1.21	1.32
Cyient Limited	1,009,206	471,804	0.87	0.95
Textile Products	1,920,649	758,560	1.41	1.53
Arvind Limited	1,920,649	758,560	1.41	1.53
Textiles - Cotton	720,565	945,850	1.75	1.91
Vardhman Textiles Limited	720,565	945,850	1.75	1.91
Transportation	6,430,562	1,152,050	2.13	2.32
Gujarat Pipavav Port Limited	5,400,187	891,571	1.65	1.80
Gateway Distriparks Limited	1,030,375	260,479	0.48	0.52
Total		49,626,943	92.01	100.00
(b) Unlisted**				
Others	178,100	2.00	0.00	100.00
Him Techno**	170,000	2.00	0.00*	100.00
Numero Uno International Limited**	8,100	0.00	0.00*	0.00*
Total		2.00	0.00*	100.00
OTHER CURRENT ASSETS		4,549,152	8.43	
TOTAL ASSETS		54,176,097	100.44	
LESS: CURRENT LIABILITIES		243,547	0.45	
NET ASSETS		53,932,530	99.99	

* Less than 0.00%

** Non - Traded/Thinly Traded Securities

***Amount is less than rupees one thousand

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

Franklin India Smaller Companies Fund

Industry and Company Particular	Quantity	Market Value	Percentage to Net Assets	Percentage to Investment Category
Equity and Equity Related				
Listed/Awaiting listing on Stock Exchanges				
Auto	2,507,798	707,575	1.35	1.47
Tata Motors Limited (DVR)	2,507,798	707,575	1.35	1.47
Auto Ancillaries	3,153,835	1,252,333	2.39	2.61
Amanraj Batteries Limited	587,741	523,119	1.00	1.09
Banco Products India Limited	2,171,188	483,958	0.92	1.01
LG Balakrishnan & Bros. Limited	394,906	245,256	0.47	0.51
Banks	15,319,528	5,516,819	10.52	11.46
Yes Bank Limited	848,884	1,313,011	2.50	2.73
HDFC Bank Limited	706,619	1,019,333	1.94	2.12
IndusInd Bank Limited	506,427	721,734	1.38	1.50
Axis Bank Limited	1,462,061	717,580	1.37	1.49
Karur Vysya Bank Limited	6,126,265	686,142	1.31	1.42
City Union Bank Limited	4,076,000	617,922	1.18	1.28
ICICI Bank Limited	1,593,272	441,097	0.84	0.92
Cement	2,853,432	1,541,542	2.94	3.20
JK Lakshmi Cement Limited	1,784,687	822,651	1.57	1.71
The Ramco Cements Limited	1,068,745	718,891	1.37	1.49
Chemicals	9,753,748	2,308,593	4.39	4.79
Despak Nitrite Limited	7,171,879	941,399	1.79	1.95
Anil Limited	320,642	766,928	1.46	1.59
GHCL Limited	2,261,227	600,356	1.14	1.25
Commercial Services	373,719	877,567	1.67	1.82
Nesco Limited	373,719	877,567	1.67	1.82
Construction	13,682,211	4,001,776	7.64	8.31
Kajaria Ceramics Limited	1,610,000	939,435	1.79	1.95
Brigade Enterprises Limited	3,404,534	788,320	1.50	1.64
Ahluwalia Contracts (India) Limited	1,997,779	626,803	1.20	1.30
Cera Sanitaryware Limited	194,989	588,136	1.12	1.22
Sobha Limited	1,673,470	574,837	1.10	1.19
KNR Constructions Limited	2,466,874	475,490	0.91	0.99
Consolidated Construction Consortium Limited	2,334,565	8,755	0.02	0.02
Construction Project	7,584,817	2,329,866	4.44	4.84
Voltas Limited	2,421,141	997,752	1.90	2.07
Ashoka Buildcon Limited	3,616,785	712,507	1.36	1.48
Techno Electric & Engineering Company Limited	1,546,891	619,607	1.18	1.29
Consumer Durables	5,326,893	2,200,009	4.19	4.58
Blue Star Limited	965,646	668,613	1.27	1.39
VIP Industries Limited	3,322,736	657,569	1.25	1.37
Bata India Limited	810,092	460,092	0.88	0.96
Johnson Controls - Hitachi Air Conditioning India Limited	228,419	413,735	0.79	0.86
Consumer Non Durables	5,161,608	1,507,713	2.88	3.13
Berger Paints India Limited	3,378,963	818,047	1.56	1.70
Jyothy Laboratories Limited	1,485,800	523,967	1.00	1.09
Kaveri Seed Company Limited	296,845	165,699	0.32	0.34
Ferrous Metals	5,389,354	220,694	0.42	0.46
Pennar Industries Limited	5,389,354	220,694	0.42	0.46
Finance	14,467,161	2,920,276	5.57	6.07
Equitas Holdings Limited	8,887,515	1,506,878	2.87	3.13
Repro Home Finance Limited	1,086,036	1,183,091	2.26	2.46
Geojit Financial Services Limited	3,893,610	230,307	0.44	0.48
Gas	1,031,121	923,266	1.76	1.92
Mahanagar Gas Limited	1,031,121	923,266	1.76	1.92
Healthcare Services	5,689,717	1,305,506	2.49	2.71
Healthcare Global Enterprises Limited	5,689,717	1,305,506	2.49	2.71
Industrial Capital Goods	6,338,906	1,626,851	3.10	3.38
Triveni Turbine Limited	6,165,846	893,431	1.70	1.86
Lakshmi Machine Works Limited	173,060	733,420	1.40	1.52
Industrial Products	15,180,803	7,080,352	13.50	14.70
Finolex Cables Limited	4,086,657	2,110,963	4.02	4.39
FAG Bearings India Limited	218,136	998,856	1.90	2.07
Finolex Industries Limited	1,282,743	742,644	1.42	1.54
Carborundum Universal Ltd.	2,374,305	689,736	1.33	1.43
SKF India Limited	408,682	653,809	1.25	1.36
Greaves Cotton Limited	3,650,653	637,221	1.21	1.32
MM Forgings Limited	789,341	426,402	0.81	0.89
Essel Propack Limited	1,655,431	393,413	0.75	0.82
Swaraj Engines Limited	153,551	227,793	0.43	0.47
Grindwell Norton Limited	561,304	199,515	0.38	0.41
Media & Entertainment	14,470,709	2,710,191	5.17	5.63
Navneet Education Limited	3,464,911	562,875	1.07	1.17
TV Today Network Limited	2,162,350	557,670	1.06	1.16
Music Broadcast Limited	1,484,377	535,192	1.02	1.11
HT Media Limited	5,586,927	465,391	0.89	0.97
Entertainment Network (India) Limited	384,563	322,648	0.62	0.67
Jagran Prakashan Limited	1,387,581	266,415	0.51	0.55
Minerals/Mining	9,328,098	1,141,293	2.18	2.37
Gujarat Mineral Development Corporation Limited	9,328,098	1,141,293	2.18	2.37
Pesticides	439,761	368,586	0.70	0.77
PI Industries Limited	439,761	368,586	0.70	0.77
Petroleum Products	936,105	659,533	1.26	1.37
Gulf Oil Lubricants India Limited	936,105	659,533	1.26	1.37
Pharmaceuticals	3,039,369	1,093,345	2.08	2.27
J.B. Chemicals & Pharmaceuticals Limited	2,532,279	876,548	1.67	1.82
IPCA Laboratories Limited	270,034	168,461	0.32	0.35
FDC Limited	237,056	48,336	0.09	0.10
Retailing	3,677,355	565,761	1.08	1.18
Aditya Birla Fashion and Retail Limited	3,677,355	565,761	1.08	1.18
Software	3,777,984	2,251,552	4.29	4.68
Eckers Services Limited	565,897	798,198	1.52	1.66
Mindtree Limited	1,219,264	552,266	1.05	1.15
Cyient Limited	1,034,906	483,819	0.92	1.00
NHT Technologies Limited	957,917	417,269	0.80	0.87
Steel Products	1,952,270	160,715	0.31	1.50
Shankara Building Products Limited**	349,381	160,715	0.31	0.33
Telecom - Services	1,602,889	561,091	1.07	1.17
Bharti Airtel Limited	1,602,889	561,091	1.07	1.17
Textile Products	2,116,158	726,900	1.39	1.51
Himatsingka Seide Limited	2,116,158	726,900	1.39	1.51
Transportation	7,901,097	1,574,086	3.00	3.27
Gujarat Pipavav Port Limited	5,160,565	852,009	1.62	1.77
VRL Logistics Limited	1,754,879	547,961	1.05	1.14
Navkar Corporation Limited	985,653	174,116	0.33	0.36
Total		48,133,791	91.78	100.00
OTHER CURRENT ASSETS		4,520,151	8.62	
TOTAL ASSETS		52,653,942	100.40	
LESS: CURRENT LIABILITIES		203,328	0.39	
NET ASSETS		52,450,614	100.01	

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

	FRANKLIN INDIA PRIMA FUND		FRANKLIN INDIA SMALLER COMPANIES FUND	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Annexure 1				
Bharti Airtel Limited	-	-	-	132,062
FDC Limited	-	-	48,336	-
Finolex Cables Limited	2,081,723	-	2,110,963	-
Kansai Nerolac Paints Limited	349,697	-	-	-
Larsen & Toubro Limited	-	462,346	-	-
LIC Housing Finance Limited	-	721,476	-	-
Voltas Limited	1,001,032	-	997,752	-
	<u>3,432,452</u>	<u>1,183,822</u>	<u>3,157,051</u>	<u>132,062</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:

FDC Limited	-	-	62,789	-
Finolex Cables Limited	87,797	-	89,127	-
Kansai Nerolac Paints Limited	52,623	-	-	-
Larsen & Toubro Limited	-	97,918	-	-
LIC Housing Finance Limited	-	541,432	-	-
Voltas Limited	514,435	-	453,665	-
	<u>654,855</u>	<u>639,350</u>	<u>605,581</u>	<u>-</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 INDIA PRIMA FUND			FRANKLIN INDIA SMALLER COMPANIES FUND		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2017	March 31, 2016	March 31, 2015
(a) Net Asset value, per unit						
Growth Plan	859.6070	650.7346	662.5217	51.6690	38.1886	38.4581
Direct Growth Plan	898.6244	673.4979	677.2494	54.0770	39.4818	39.1730
Dividend Plan	66.1134	55.0710	61.7781	27.8418	22.3492	24.6688
Direct Dividend Plan	69.6765	57.2329	63.2443	29.4221	23.2333	25.1844
(b) Gross Income:						
i) Income other than profit on sale of investment, per unit	2.23	2.30	1.80	0.46	0.64	0.35
ii) Profit on sale of investment to third party, per unit	13.34	13.47	8.34	1.50	1.82	1.70
iii) Transfer to Revenue Account from past year's reserve per unit	-	-	-	-	-	-
(c) Aggregate of expense, write offs, amortisation and charges, per unit	(3.73)	(3.11)	(2.26)	(0.75)	(0.72)	(0.49)
(d) Net Income, per unit	11.85	12.66	7.88	1.21	1.75	1.56
(e) Net unrealised appreciation/(depreciation) in value of investments	34.53	(15.21)	37.99	8.87	(1.98)	8.07
(f) i) Highest traded price	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
ii) Lowest traded price	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
iii) P.E. Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(g) Ratio of Expenses to Average Net Assets						
Regular Plan	2.34	2.30	2.31	2.41	2.40	2.45
Direct Plan	1.32	1.08	0.93	1.14	0.92	0.95
(h) Ratio of Gross Income to Average Net Assets	30.18	0.40	47.82	31.84	1.52	47.99
(i) i) Highest repurchase price/NAV **						
Growth Plan	851.0109	687.9701	679.9436	51.1523	40.3234	38.8856
Direct Growth Plan	889.6382	706.9538	694.3313	53.5362	41.3306	39.5619
Dividend Plan	65.4523	63.4568	63.4027	28.5192	25.8654	26.3708
Direct Dividend Plan	68.9797	64.9941	64.8396	29.8465	26.5715	26.8392
ii) Highest resale price **						
Growth Plan	859.6070	694.9193	686.8117	51.6690	40.7307	39.2784
Direct Growth Plan	898.6244	714.0947	701.3447	54.0770	41.7481	39.9615
Dividend Plan	66.1134	64.0978	64.0431	28.8073	26.1267	26.6372
Direct Dividend Plan	69.6765	65.6506	65.4945	30.1480	26.8399	27.1103
iii) Lowest repurchase price/NAV **						
Growth Plan	639.7170	582.4736	388.3464	37.8284	34.1572	21.4148
Direct Growth Plan	662.1795	602.2940	392.0132	39.1150	35.2806	21.5451
Dividend Plan	53.8817	49.2942	39.4841	22.1384	19.9899	14.8599
Direct Dividend Plan	56.2710	51.1822	39.8758	23.0175	20.7612	14.9626
iv) Lowest resale price **						
Growth Plan	646.1788	588.3572	392.2691	38.2105	34.5022	21.6311
Direct Growth Plan	668.8682	608.3778	395.9729	39.5101	35.6370	21.7627
Dividend Plan	54.4260	49.7921	39.8829	22.3620	20.1918	15.0100
Direct Dividend Plan	56.8394	51.6992	40.2786	23.2500	20.9709	15.1137

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.