

## 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 India Technology Fund (formerly known as "Franklin Infotech Fund") 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**

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 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.
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 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 TECHNOLOGY FUND (formerly known as "FRANKLIN INFOTECH FUND")	
		As at March 31, 2017	As at March 31, 2016
<b>SOURCES OF FUNDS</b>			
<b>1 Unit Capital</b>	2(b) & 3	314,158	333,069
<b>2 Reserves and Surplus</b>	4		
2.1 Unrealised Appreciation Reserve		646,026	874,029
2.2 Retained Surplus		2,762,615	2,680,177
<b>3 Current Liabilities and Provisions</b>	5		
3.1 Current Liabilities		17,970	37,217
<b>TOTAL</b>		<b>3,740,769</b>	<b>3,924,492</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 Investments</b>	2(c), 6 & 15		
<b>1.1 Listed Securities</b>			
1.1.1 Equity Shares		1,057,617	1,424,866
<b>1.2 Unlisted Securities</b>			
1.2.1 Equity Shares		10	10
<b>1.3 Units of Mutual Fund</b>		187,186	127,259
<b>1.4 Foreign Securities</b>		197,529	-
<b>2 Other Current Assets</b>	7		
2.1 Cash and Bank Balances		1,311	4,519
2.2 CBLO/ Reverse Repo Lending		51,621	127,317
2.3 Others		914	1,786
<b>3 Accumulated Unit Discount, Net</b>	8	2,244,581	2,238,735
<b>TOTAL</b>		<b>3,740,769</b>	<b>3,924,492</b>
Notes to Accounts	1 to 15		

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

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

For Franklin Templeton Trustee  
Services Private Limited

Sd/-  
Anand J. Vashi  
Director

Sd/-  
Alok Sethi  
Director

For Franklin Templeton Asset Management  
(India) Private Limited

Sd/-  
Deepak Satwalekar  
Director

Sd/-  
Sanjay Sapre  
President

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

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

Sd/-  
S. Jayaram  
Director

Sd/-  
Ajay Narayan  
Vice President

Sd/-  
Varun Sharma  
Assistant Vice President & Senior  
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 INDIA TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")	
		Year ended March 31, 2017	Year ended March 31, 2016
<b>1 INCOME</b>			
1.1 Dividend	2(d)	22,740	31,840
1.2 Interest	2(d) & 9	4,287	4,805
1.3 Realised Gain on Foreign Exchange Transactions, net	2(d)	228	-
1.4 Realised Gain on External Sale / Redemption of Investments, net	2(d)	242,364	228,126
1.5 Change in Unrealised Appreciation in the value of Investments		(228,003)	(229,063)
1.6 Other Income		923	471
		<b>42,539</b>	<b>36,179</b>
<b>2 EXPENSES</b>			
2.1 Management Fees	10	33,085	34,182
2.2 Service Tax on Management Fees	10	4,938	4,758
2.3 Transfer Agents Fees and Expenses		2,123	2,458
2.4 Custodian Fees		105	128
2.5 Trusteeship Fees	10	46	50
2.6 Commission to Agents		87	3,051
2.7 Marketing and Distribution Expenses		828	723
2.8 Investor Education Expense	2(g)	305	333
2.9 Audit Fees		25	34
2.10 Other Operating Expenses		475	344
		<b>42,017</b>	<b>46,061</b>
2.11 Expenses written back during the Year		-	(48)
		<b>42,017</b>	<b>46,013</b>
<b>3 NET INCOME AS PER REVENUE ACCOUNT</b>		<b>522</b>	<b>(9,834)</b>
4 Transfer from Retained Surplus	4	2,680,177	2,560,147
5 Add: Balance Transfer from Unrealised Appreciation Reserve	4	874,029	1,103,092
6 Less: Balance Transfer to Unrealised Appreciation Reserve	4	646,026	874,029
7 Add / (Less): Equalisation Credit/(Debit)	2(e)	(100,995)	(46,983)
8 <b>Total</b>		<b>2,807,707</b>	<b>2,732,393</b>
9 <b>Dividend Appropriation</b>			
9.1 Income Distributed during the Year	13	(45,092)	(52,216)
10 <b>NET SURPLUS/(DEFICIT) FOR THE YEAR TRANSFERRED TO BALANCE SHEET</b>	(8+9)	<b>2,762,615</b>	<b>2,680,177</b>

Notes to Accounts

1 to 15

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**

Sd/-  
**Varun Sharma**  
Assistant Vice President & Senior  
Research Analyst - Franklin Equity

Sd/-  
**Srikesh 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 schemes covered in the financial statement are as under:

Scheme Name	Nature of the Scheme	Date of Allotment	Scheme Objective	Plans Offered
FRANKLIN INDIA TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")^	Open ended mutual fund scheme	August 22, 1998	The investment objective of the Scheme is to generate capital appreciation from a portfolio of infotech sector based equity.	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'

^ Effective May 29,2017 .Franklin Infotech Fund was renamed as Franklin India Technology Fund.

**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

- While the investments and other net assets of each Plan are separately managed as a single portfolio, the net asset value of the units of each Plan is computed separately for units issued under each of that Plan's Options.
- 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.

- 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.

- 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.

Valuation of investments

- Investment in domestic Mutual Fund Units is valued at the last declared / computed net asset value ('NAV') per unit.

Effective July 1, 2016, investments in units of the foreign mutual fund are stated at the last declared or computed Net Asset Value as against the earlier practice of stating at the last declared Net Asset Value. These investments are translated into Indian rupees at the rate of exchange prevalent on the date of valuation/balance sheet

- 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. 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.

Investments in fixed income securities are valued as follows:

**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)

- 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 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 the 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 (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.

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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 TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")			
	Quantity		Amount	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>3 UNIT CAPITAL</b>				
Units of Rs 10 each fully paid up				
<b>Growth Plan</b>				
Outstanding, beginning of year	8,830,765.085	9,317,181.279	88,306	93,171
Issued during the year	757,371.720	609,436.881	7,574	6,094
Redeemed during the year	(1,869,574.392)	(1,095,853.075)	(18,696)	(10,959)
Outstanding, end of year	<u>7,718,562.413</u>	<u>8,830,765.085</u>	<u>77,184</u>	<u>88,306</u>
<b>Dividend Plan</b>				
Outstanding, beginning of year	23,423,941.897	22,960,430.511	234,241	229,605
Issued during the year	2,099,854.376	2,900,512.154	20,999	29,006
Redeemed during the year	(3,251,981.901)	(2,437,000.768)	(32,520)	(24,370)
Outstanding, end of year	<u>22,271,814.372</u>	<u>23,423,941.897</u>	<u>222,720</u>	<u>234,241</u>
<b>Direct Growth Plan</b>				
Outstanding, beginning of year	427,522.447	445,890.934	4,275	4,459
Issued during the year	385,390.054	215,192.618	3,854	2,152
Redeemed during the year	(152,405.484)	(233,561.105)	(1,524)	(2,336)
Outstanding, end of year	<u>660,507.017</u>	<u>427,522.447</u>	<u>6,605</u>	<u>4,275</u>
<b>Direct Dividend Plan</b>				
Outstanding, beginning of year	624,640.537	448,268.816	6,246	4,483
Issued during the year	307,372.195	241,497.090	3,073	2,415
Redeemed during the year	(167,049.984)	(65,125.369)	(1,670)	(651)
Outstanding, end of year	<u>764,962.748</u>	<u>624,640.537</u>	<u>7,649</u>	<u>6,247</u>
<b>Total</b>				
Outstanding, beginning of year	33,306,869.966	33,171,771.540	333,068	331,718
Issued during the year	3,549,988.345	3,966,638.743	35,500	39,667
Redeemed during the year	(5,441,011.761)	(3,831,540.317)	(54,410)	(38,316)
Outstanding, end of year	<u>31,415,846.550</u>	<u>33,306,869.966</u>	<u>314,158</u>	<u>333,069</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 TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")	
	March 31, 2017	March 31, 2016
<b>4. RESERVES AND SURPLUS</b>		
<b>Unrealised appreciation reserve</b>		
Balance, beginning of year	874,029	1,103,092
Change in net unrealised appreciation in value of investments	(228,003)	(229,063)
Balance, end of year	<u>646,026</u>	<u>874,029</u>
<b>Retained surplus</b>		
Balance, beginning of year	2,680,177	2,560,147
Transfer to Revenue Account	(2,680,177)	(2,560,147)
Net surplus transferred from revenue account	<u>2,762,615</u>	<u>2,680,177</u>
Balance, end of year	<u>2,762,615</u>	<u>2,680,177</u>
Total reserves and surplus	<u>3,408,641</u>	<u>3,554,206</u>
<b>5. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Management fees	5,270	6,391
Trusteeship fees	3	4
Registrar service charges	158	182
Load pending utilisation	6,444	13,125
Sundry creditors for units redeemed by investors	3,448	2,956
Dividend payable	12	2
Unclaimed distributed income	-	10,857
Unclaimed redemption payable	-	1,535
Investor Education Liability	87	249
Units pending allotment	150	71
Other current liabilities	2,398	1,845
	<u>17,970</u>	<u>37,217</u>
<b>6. INVESTMENTS</b>		
(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 Awaiting Listing / Unlisted Securities.		
(Equity shares / Preference shares )		
- appreciation	<u>605,211</u>	<u>923,760</u>
- depreciation	<u>64,559</u>	<u>76,915</u>
Units of Foreign Mutual Fund		
- appreciation	<u>51,703</u>	<u>15,525</u>
- depreciation	<u>-</u>	<u>-</u>
Units of Foreign Mutual Fund (due to foreign exchange fluctuation)		
- appreciation	<u>9,850</u>	<u>11,659</u>
- depreciation	<u>-</u>	<u>-</u>
Foreign Securities		
- appreciation	<u>49,317</u>	<u>-</u>
- depreciation	<u>358</u>	<u>-</u>
Foreign Securities (due to foreign exchange fluctuation)		
- appreciation	<u>-</u>	<u>-</u>
- depreciation	<u>5,138</u>	<u>-</u>
(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	212,376	122,709
- as a percentage of average daily net assets	<u>13.92</u>	<u>7.36</u>
Sales		
- amount	336,558	276,300
- as a percentage of average daily net assets	<u>22.07</u>	<u>16.58</u>



**SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017**  
(All amounts in thousands of Rupees)

<b>FRANKLIN INDIA TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")</b>		
<b>Schedules</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
(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.		
<b>7. OTHER CURRENT ASSETS</b>		
<b>Cash and Bank Balance</b>		
Balances with banks in current accounts	1,311	1,148
Unclaimed dividend bank account	-	3,184
Unclaimed redemption bank account	-	187
	<u>1,311</u>	<u>4,519</u>
<b>CBLO/ Reverse Repo Lending</b>		
Collateralised lending/Reverse repo	51,621	118,295
Unclaimed Redemption - CBLO	-	1,349
Unclaimed Dividend - CBLO	-	7,673
	<u>51,621</u>	<u>127,317</u>
<b>Others</b>		
Sundry debtors for units issued to investors	420	411
Outstanding and accrued income	8	25
Margin Money	486	1,350
	<u>914</u>	<u>1,786</u>
<b>TOTAL</b>	<u>53,846</u>	<u>133,622</u>
<b>8. ACCUMULATED UNIT DISCOUNT, NET</b>		
Balance, beginning of year	2,238,735	2,243,630
Net premium on ( issue) / redemption of units	5,846	(4,895)
Balance, end of year	<u>2,244,581</u>	<u>2,238,735</u>
<b>9. INTEREST</b>		
On Collateralised lending / Reverse repo	4,287	4,805
	<u>4,287</u>	<u>4,805</u>
<b>10. INCOME AND EXPENDITURE</b>		
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:		
<b>Income</b>		
- amount	270,542	265,242
- as a percentage of average daily net assets	<u>17.74</u>	<u>15.92</u>
<b>Expenditure</b>		
- amount	42,017	46,013
- as a percentage of average daily net assets	<u>2.79</u>	<u>2.79</u>
Regular Plan	2.16	2.13
Direct Plan	<u>2.16</u>	<u>2.13</u>
<b>Management Fees (including service tax)</b>		
- amount	38,023	38,940
- as a percentage of average daily net assets	<u>2.52</u>	<u>2.36</u>
Regular Plan	1.92	1.90
Direct Plan	<u>1.92</u>	<u>1.90</u>
<b>Trusteeship Fees (including service tax)</b>		
- amount	46	50
- as a percentage of average daily net assets	<u>0.003</u>	<u>0.003</u>

SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017  
(All amounts in thousands of Rupees)

FRANKLIN INDIA TECHNOLOGY  
FUND(formerly known as "FRANKLIN  
INFOTECH FUND")

Schedules	March 31, 2017	March 31, 2016
<b>12. NET ASSET VALUE</b>		
Net asset value of each unit of Rs. 10 of the Scheme		
Growth Plan (Rs)	115.8519	115.5877
Dividend Plan (Rs)	21.9315	24.0038
Direct Growth Plan (Rs)	118.6330	117.6134
Direct Dividend Plan (Rs)	<u>22.4812</u>	<u>24.4392</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. 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).

**14. 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**

**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
<b>a) Where control exists</b>	
Franklin Resources Inc	Ultimate holding Company of the sponsor
Templeton Worldwide Inc (TWD) 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
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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 Fund
Franklin India Dynamic Accrual Fund	Franklin India Prima Plus
Franklin India Dynamic Pe Ratio Fund Of Funds	Franklin India Savings Plus Fund
Franklin India Feeder - Franklin European Growth Fund	Franklin India Short Term Income Plan
Franklin India Feeder - Franklin U.S. Opportunities Fund	Franklin India Smaller Companies Fund
Franklin India Flexi Cap Fund	Franklin India Taxshield
Franklin India Government Securities Fund - Composite Plan & PF Plan	Franklin India Treasury Management Account
Franklin India Government Securities Fund - Long Term Plan	Franklin India Ultra Short Bond Fund
Franklin India High Growth Companies Fund	Franklin India Fixed Maturity Plans – Series 1- Plan A (1108 Days)
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 Infotech 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	46	3	50	4
Franklin Templeton Asset Management (India) Private Limited	Registrar service charges	2,123	158	2,458	182
	Fees for management services	38,023	5,270	38,940	6,391
Franklin Templeton Asset Management (India) Private Limited	<u>Investment in the Plan</u>				
	Direct Growth Plan				
	Subscriptions	-		5,000	
	Redemptions	-		-	
	Net asset value of investment at balance sheet date		5,386		5,340
ITI Capital Markets Limited <sup>^</sup>	Commission for distribution of the Scheme's units ( # )	-	-	64*	-

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

\* This represents the amount paid / payable for the period and does not necessarily reflect the amount charged to the Scheme's Revenue Account.

<sup>^</sup> 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**

**15. 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 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 India Technology Fund(Formerly Known As "Franklin Infotech Fund")**

<b>Industry and Company Particular</b>	<b>Quantity</b>	<b>Amount</b>	<b>Percentage to Net Assets</b>	<b>Percentage to Investment Category</b>
<b>Equity and Equity Related</b>				
<b>Listed/Awaiting listing on Stock Exchanges</b>				
<b>Software</b>	<b>1,342,649</b>	<b>1,057,617</b>	<b>71.55</b>	<b>100.00</b>
Infosys Limited	261,000	266,807	18.05	25.23
Tata Consultancy Services Limited	84,000	204,271	13.82	19.32
Wipro Limited	262,196	135,214	9.15	12.78
Tech Mahindra Limited	204,000	93,667	6.34	8.86
Cyient Limited	200,000	93,500	6.33	8.84
HCL Technologies Limited	105,000	91,849	6.21	8.68
Oracle Financial Services Software Limited	15,000	57,236	3.87	5.41
NIIT Technologies Limited	120,000	52,272	3.54	4.94
Eclerx Services Limited	28,731	40,525	2.74	3.83
Info Edge (India) Limited	15,000	12,018	0.81	1.14
Hexaware Technologies Limited	47,722	10,258	0.69	0.97
<b>Total</b>	<b>1,342,649</b>	<b>1,057,617</b>	<b>71.55</b>	<b>100.00</b>
<b>(b) Unlisted**</b>				
Brillio Technologies Private Limited**	970,000	10	0.00*	100.00
<b>Total</b>	<b>970,000</b>	<b>10</b>	<b>0.00</b>	<b>100.00</b>
<b>Foreign Securities</b>				
<b>Mutual Fund Units</b>	<b>151,473</b>	<b>187,186</b>	<b>12.67</b>	<b>48.66</b>
FTIF - Franklin Technology Fund, Class I	151,473	187,186	12.67	48.66
<b>Software</b>	<b>70,000</b>	<b>197,529</b>	<b>13.36</b>	<b>51.34</b>
MakeMyTrip Limited	45,000	101,003	6.83	26.25
Cognizant Technology Solutions Corporation	25,000	96,526	6.53	25.09
<b>Total</b>	<b>221,473</b>	<b>384,715</b>	<b>26.03</b>	<b>100.00</b>
<b>OTHER CURRENT ASSETS</b>		<b>53,846</b>	<b>3.64</b>	
<b>TOTAL ASSETS</b>		<b>1,496,188</b>	<b>101.22</b>	
<b>LESS : CURRENT LIABILITIES</b>		<b>17,970</b>	<b>1.22</b>	
<b>NET ASSETS</b>		<b>1,478,218</b>	<b>100.00</b>	

\*\* Non - Traded/Thinly Traded Securities

\*Less Than 0.01%

**FRANKLIN TEMPLETON MUTUAL FUND****SCHEDULES TO THE BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017****FRANKLIN INDIA TECHNOLOGY FUND(formerly  
known as "FRANKLIN INFOTECH FUND")**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Annexure 1</b>		
Infosys Limited	266,807	511,686
Wipro Limited	135,214	152,348
	<u>402,021</u>	<u>664,034</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:

NIL

NIL

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 TECHNOLOGY FUND(formerly known as "FRANKLIN INFOTECH FUND")		
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
(a) Net Asset value, per unit			
Growth Plan	<b>115.8519</b>	115.5877	116.1432
Direct Growth Plan	<b>118.6330</b>	117.6134	117.3704
Dividend Plan	<b>21.9315</b>	24.0038	26.3461
Direct Dividend Plan	<b>22.4812</b>	24.4392	26.6522
(b) Gross Income:			
i) Income other than profit on sale of investment, per unit	<b>0.89</b>	1.11	1.43
ii) Profit / (Loss) on interscheme sale/transfer of investment, per unit	-	-	-
iii) Profit / (Loss) on sale of investment to third party, per unit	<b>7.71</b>	6.85	7.13
iv) Gain/(Loss) on Foreign exchange transaction, per unit	<b>0.01</b>	-	-
v) Transfer to Revenue Account from past year's reserve per unit	-	-	-
(c) Aggregate of expense, write offs, amortisation and charges, per unit	<b>(1.34)</b>	(1.38)	(1.39)
(d) Net Income, per unit	<b>7.27</b>	6.58	7.17
(e) Net unrealised appreciation/(depreciation) in value of investments, per unit	<b>(7.26)</b>	(6.88)	5.22
(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	<b>2.79</b>	2.79	2.82
Direct Plan	<b>2.16</b>	2.13	2.37
(h) Ratio of Gross Income to Average Net Assets	<b>2.79</b>	2.17	27.74
(i) i) Highest repurchase price/NAV **			
Growth Plan	<b>117.5316</b>	121.2240	121.7279
Direct Growth Plan	<b>119.7698</b>	122.8244	122.9683
Dividend Plan	<b>24.4075</b>	27.4985	27.6129
Direct Dividend Plan	<b>24.8773</b>	27.8770	27.9233
ii) Highest resale price **			
Growth Plan	<b>118.7188</b>	122.4485	122.9575
Direct Growth Plan	<b>120.9796</b>	124.0650	124.2104
Dividend Plan	<b>24.6540</b>	27.7763	27.8918
Direct Dividend Plan	<b>25.1286</b>	28.1586	28.2054
iii) Lowest repurchase price/NAV **			
Growth Plan	<b>103.6078</b>	103.4411	83.4174
Direct Growth Plan	<b>105.8471</b>	105.1578	83.9594
Dividend Plan	<b>19.6136</b>	21.4814	20.5112
Direct Dividend Plan	<b>20.0699</b>	21.8570	20.6514
iv) Lowest resale price **			
Growth Plan	<b>104.6543</b>	104.4860	84.2600
Direct Growth Plan	<b>106.9163</b>	106.2200	84.8075
Dividend Plan	<b>19.8117</b>	21.6984	20.7184
Direct Dividend Plan	<b>20.2726</b>	22.0778	20.8600

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.