

FORM L-35-DOWNGRADING OF INVESTMENTS

Company Name & Code : Birla Sun Life Insurance Company Limited (Registration No. 109)

STATEMENT AS ON : 31ST MARCH 2010

STATEMENT OF DOWN GRADED INVESTMENTS

PERIODICITY OF SUBMISSION : QUARTERLY

NAME OF THE FUND : LIFE FUND

(RS. LAKHS)

S. No.	Particulars of Investment	Category Code As Per Category Of Investment	Amount (As Per Balance Sheet)	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A.	During The Quarter ¹								
Nil									
B.	As On Date ²								
1	7.80% THE CATHOLIC SYRIAN BANK 08/05/2012	OLDB	250.00	04-Nov-04	CARE	CAREA	CAREBBB+	17-Sep-07	The rating has been downgraded primarily due to sharp fall in Capital Adequacy Ratio, continued low profitability and average asset quality. We have done the necessary due diligence of investment post this downgrade and have decided to hold on to the instrument.
2	6.35 % Reliance infrastructure Ltd 2013 (MD 28/07/2013)	ICTD	229.77	19-Aug-03	CRISIL	AAA	AA+	08-May-09	Downgrade due to approval of Scheme of De-merger by BOD; under the scheme, each of the power generation and distribution businesses will be transferred to wholly-owned subsidiaries, while the engineering, procurement, and construction (EPC) business will remain with Rlnfra. This restructuring will result in restricted access to cash flows from the distribution and generation business for Rlnfra.

CERTIFICATION

Certified that the information given herein are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

Date: 11-May-10

VIKRAM KOTAK
CHIEF INVESTMENT OFFICER

NOTE:

- 1 Provide details of Downgraded Investemnt during the Quarter.
- 2 FORM -2 Shall be prepared in respect of each fund.
- 3 Category of Investment (COI) Shall be as perINV/GLN/001/2003-04

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STATEMENT AS ON : 31ST MARCH 2010

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PERIODICITY OF SUBMISSION : QUARTERLY

NAME OF THE FUND : PENSION & GENERAL ANNUITY FUND

(RS. LAKHS)

S. No.	Particulars of Investment	Category Code As Per Category Of Investment	Amount (As Per Balance Sheet)	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A.	<u>During The Quarter</u> ¹								
			-----Nil-----						
B.	<u>As On Date</u> ²								
			-----Nil-----						

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STATEMENT AS ON : 31ST MARCH 2010

STATEMENT OF DOWN GRADED INVESTMENTS

PERIODICITY OF SUBMISSION : QUARTERLY

NAME OF THE FUND : LINKED FUND

(RS. LAKHS)

S. No.	Particulars of Investment	Category Code As Per Category Of Investment	Amount (As Per Balance Sheet)	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A.	During The Quarter¹								
NIL									
B.	As On Date²								
1	11.20% Citifinancial Consumer Finance India Ltd NCD (MD 26/05/2010)	ECOS	1,007.38	18-May-07	ICRA	AAA	LAA+	24-Dec-08	Downgrade in rating has been due to severe earnings and asset quality pressures on the Company and due to recent downgrading of their parent's rating by Moody Investor Services at global level. Major Chunk of holding is getting mature in current year itself and no further exposure is taken after downgrade.
2	10.20% Tata Steel Ltd NCD 07/05/2015)	ECOS	5,749.67	27-May-08	CRISIL	AAA	AA	23-Dec-08	Downgrade due to expectation of a weakening operating environment for the steel sector, and of strain on Company's financial flexibility and capital structure because of ongoing capital expenditure. We expect that the liquidity and funding pressure will ease in the current fiscal year compare to last year.
3	9.80% Tata Steel Ltd NCD (MD 07/05/2011)	ECOS	2,572.66	24-Nov-08	CRISIL	AAA	AA	23-Dec-08	
4	12.75% Cholamandalam DBS Finance Ltd NCD (MD 12/04/2010)	OLDB	501.04	08-Sep-08	ICRA	AA	AA-	24-Dec-08	Downgrade due to rising delinquencies in the small ticket personal loans (STPL) business of the company and due to weakness in its funding profile (i.e. higher reliance on short-term financing).
5	9.40% Tata Tea Ltd NCD (MD 08/11/2010)	ECOS	4,056.12	06-Nov-07	ICRA	LAA+	LAA	21-Oct-08	Downgrade in rating has been due to severe earnings and asset quality pressures on the Company.
6	11.90% Pidilite Industries Ltd NCD (MD 05/12/2013)	ECOS	1,686.53	05-Dec-08	CRISIL	AAA	AA+	18-Mar-09	Downgrade has been due to Pidilite's gearing will remain relatively high and is unlikely to improve because of the expected pressure on its cash accruals, which, in turn, will adversely affect the company's debt protection measures. Investment was made with expectation of its remaining a high safety instrument throughout its tenor. The company has healthy credit metrics at AA rating level.
7	6.05% G.E. SHIPPING 19.09.2010	ECOS	997.12	22-Jun-06	CRISIL	AAA	AA+	16-Feb-09	Downgrade due to pressure on revenues and profitability due to downturn in global trade, expectation of turnaround once the economic revival begins.
8	6.35 % Reliance Infrastructure Ltd 2013 (MD 28/07/2013)	ICTD	259.06	12-Sep-08	CRISIL	AAA	AA+	08-May-09	Downgrade due to approval of Scheme of De-merger by BOD; under the scheme, each of the power generation and distribution businesses will be transferred to wholly-owned subsidiaries, while the engineering, procurement, and construction (EPC) business will remain with Rlnfra. This restructuring will result in restricted access to cash flows from the distribution and generation business for Rlnfra.
9	11.50% Aditya Birla Nuvo Ltd NCD (MD 19/12/2011)	EDPG	2,665.50	23-Dec-08	CARE	CAREAAA	CARE AA+	14-Aug-09	The downgrade takes into account the impact of macro-economic factors on the operating performance of the carbon black and the garments businesses in FY09. Further, the company's borrowings increased more than the anticipated level to meet the capital requirement of growth businesses like life insurance and garments. We expect an improvement in leverage profile of the company post issuance of fresh warrants of Rs. 1,000 crore to promoters/promoter group companies. ABNL is our parent company and the credit profile is expected to remain robust. We expect that ABNL will continue to be one of the flagship companies of the Aditya Birla group and hence, a critical strategic part of the group's overall business and financial strategy.
10	12.50% Aditya Birla Nuvo Ltd NCD (MD 05/12/2011)	EDPG	1,079.98	01-Dec-08	CARE	CAREAAA	CARE AA+	14-Aug-09	same as above
11	13% Aditya Birla Nuvo Ltd NCD (MD 07/11/2011)	EDPG	2,709.22	31-Oct-08	CARE	CAREAAA	CARE AA+	14-Aug-09	same as above
12	9.05% IDFC Ltd NCD (MD 10/10/2010)	IPTD	1,011.67	02-Apr-09	CRISIL	AAA	AA+	22-Jul-09	The downgrade primarily reflects the delay in IDFC's capital-raising resulting in the institution's capitalisation remaining below the levels that supported the AAA rating. IDFC is unlikely to raise fresh equity capital in the near term. The other 2 rating agencies - ICRA & Fitch have re-affirmed IDFC's AAA ratings. We believe IDFC is well-
13	9.35% IDFC Ltd NCD (MD 09/05/2010)	IPTD	1,003.30	09-May-08	CRISIL	AAA	AA+	22-Jul-09	same as above
14	11% IDFC Ltd NCD (MD 21/07/2010)	IPTD	1,519.61	21-Jul-08	CRISIL	AAA	AA+	22-Jul-09	The downgrade primarily reflects the delay in IDFC's capital-raising resulting in the institution's capitalisation remaining below the levels that supported the AAA rating. IDFC is unlikely to raise fresh equity capital in the near term. The other 2 rating agencies - ICRA & Fitch have re-affirmed IDFC's AAA ratings. We believe IDFC is well-

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