

FORM - 2

Company Name & Code: Birla Sun Life Insurance Co. Ltd. (Regn No 109)

Statement as on:30 Jun 2010

Statement of Down Graded Investments

Periodicity of Submission: Quarterly

Rs. Lakhs

Scheme : LIFE - CONTROLLED FUND

No.	Name of the Security	COI	Amount	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A	<u>During the Quarter</u>								
	Nil								
B.	<u>As on Date</u>								
1	6.35 % Reliance infrastructure Ltd 2013 (MD 28/07/2013)	ICTD	229.73	19-08-03	CRISIL-LONG	AAA	AA+	08/05/2009	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 RInfra. This restructuring will result in restricted access to cash flows from the distribution and generation business for RInfra.
2	7.80% THE CATHOLIC SYRIAN BANK	OLDB	250.00	04-11-04	CARE-LONG	CAREA	CAREBBB+	17/09/2007	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.

CERTIFICATION

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

Date : Jul 20, 2010

Note:

- 1 Provide Details of Down Graded Investments during the Quarter.
- 2 Investments currently upgraded, listed as Down Graded during earlier Quarter shall be deleted from the Cumulative listing.
- 3 FORM-2 shall be prepared in respect of each fund.
- 4 Category of Investment (COI) shall be as per INV/GLN/001/2003-04

Vikram Kotak

Chief Investment Officer

FORM - 2

Company Name & Code: Birla Sun Life Insurance Co. Ltd. (Regn No 109)

Statement as on:30 Jun 2010

Statement of Down Graded Investments

Periodicity of Submission: Quarterly

Scheme : PENSION FUND

Rs. Lakhs

No.	Name of the Security	COI	Amount	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A	<u>During the Quarter</u>								
	Nil								
B.	<u>As on Date</u>								
	Nil								

CERTIFICATION

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Vikram Kotak
Chief Investment Officer

FORM - 2

Company Name & Code: Birla Sun Life Insurance Co. Ltd. (Regn No 109)

Statement as on:30 Jun 2010

Statement of Down Graded Investments

Periodicity of Submission: Quarterly

Scheme : ULF - UL FUNDS

Rs. Lakhs

No.	Name of the Security	COI	Amount	Date of Purchase	Rating Agency	Original Grade	Current Grade	Date of Downgrade	Remarks
A	<u>During the Quarter</u>								
	Nil								
B.	<u>As on Date</u>								
1	10.20% Tata Steel Ltd NCD 07/05/2015)	ECOS	5,814.92	27-05-08	CRISIL-LONG	AAA	AA	24/12/2008	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.
2	9.80% Tata Steel Ltd NCD (MD 07/05/2011)	ECOS	2,548.40	24-11-08	CRISIL-LONG	AAA	AA	24/12/2008	
3	11% IDFC Ltd NCD (MD 21/07/2010)	IPTD	1,503.68	21-07-08	CRISIL-LONG	AAA	AA+	22/07/2009	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.
4	9.05% IDFC Ltd NCD (MD 10/10/2010)	IPTD	1,006.01	02-04-09	CRISIL-LONG	AAA	AA+	22/07/2009	
5	11.50% Aditya Birla Nuvo Ltd NCD (MD 19/12/2011)	EDPG	2,640.89	23-12-08	CARE-LONG	CAREAAA	CAREAA+	14/08/2009	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.
6	12.50% Aditya Birla Nuvo Ltd NCD (MD 05/12/2011)	EDPG	1,068.03	01-12-08	CARE-LONG	CAREAAA	CAREAA+	14/08/2009	
7	13% Aditya Birla Nuvo Ltd NCD (MD 07/11/2011)	EDPG	2,676.93	31-10-08	CARE-LONG	CAREAAA	CAREAA+	14/08/2009	
8	11.90% Pidilite Industries Ltd NCD (MD 05/12/2013)	ECOS	1,686.61	05-12-08	CRISIL-LONG	AAA	AA+	18/03/2009	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.
9	6.05% Great Eastern Shipping Corporation Ltd (MD 19/09/2010)	ECOS	998.64	22-06-05	CRISIL-LONG	AAA	AA+	16/02/2009	Downgrade due to pressure on revenues and profitability due to downturn in global trade, expectation of turnaround once the economic revival begins.
10	8.35 % Reliance infrastructure Ltd 2013 (MD 28/07/2013)	ICTD	261.60	12-09-08	CRISIL-LONG	AAA	AA+	08/05/2009	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.
11	9.40% Tata Tea Ltd NCD (MD 08/11/2010)	ECOS	4,035.03	06-11-07	ICRA-LONG	LAA+	LAA	21/10/2008	Downgrade in rating has been due to severe earnings and asset quality pressures on the Company.

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