

### **Fair Valuation of Orient Electric Limited**

There was a corporate action in Orient Paper & Industries Ltd which resulted in demerger of Orient Paper & Industries Ltd into Orient Electric Limited (the demerged company) on Ex-date January 11, 2018. The entitlement ratio was 1:1 i.e. shareholders of Orient Paper & Industries Ltd were be entitled to 1 share (FV. Rs. 1) of Orient Electric Limited for every 1 share held as on the record date.

Below are the details of equity shares held in Orient Electric Ltd:

Scheme Name	ISIN	Security Name	Quantity
Principal Dividend Yield Fund	INE142Z01019	Orient Electric Ltd.	118,800
Principal Emerging Bluechip Fund	INE142Z01019	Orient Electric Ltd.	1,125,000

The valuation process as per the policy would not have resulted into fair valuation. Hence, the below methodology was adopted to value shares of Orient Electric Ltd.

1. Where at least one resultant company is not immediately listed, valuation price will be worked out by using market value [price multiplied by holdings], before demerger reduced for market value of the listed resultant company(s) [quoted price multiplied by holdings in the resultant company(s)] on the 'date of demerger' (referred as "differential price method")
2. In case of a demerger pending listing for more than 30 days and the resultant company has initiated steps for listing, the resultant company/ies shall be valued using the intrinsic value arrived based on the following parameters.

Period	Valuation Methodology
One month from demerger to four months from date of demerger at using the differential price method	At a discount of 20% to the price arrived
Four Months from demerger to Seven months from date of demerger	At a discount of 30% to the price arrived at using the differential price method
Seven Months from demerger to Nine months from demerger at using the differential price method	At a discount of 40% to the price arrived
Over Nine months from date of demerger	Valued using the procedure as used for Unlisted securities

If the resultant company has not initiated steps for listing, then it will valued using the procedure as used for unlisted securities

Valuation Policy was later amended to address the above scenario.