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Annexure V

Rationale & Salient Features of the Composite Scheme of Amalgamation and Arrangement
(relating to Merger of ETC Networks Ltd with Zee Entertainment Enterprises Limited)

Rationale:

Currently, ETC is a 50.18% subsidiary of ZEEL and is listed on the BSE and NSE, with business interests spanning over broadcasting and education. Within the broadcasting venture, ETC operates two music channels -*'etc Music'*, a leading Hindi music channel of India and *'etc Punjabi'*, a regional entertainment channel in the Punjabi language. The education operations of ETC span across child education and youth vocational training business, through multiple products such as Kidzee, Kidzee High, Kidzcare, Zee Institute of Media Arts (ZIMA), Zee Institute of Creative Arts (ZICA) and Zee Career Academy (ZCA).

The merger of ETC into ZEEL and demerger of Education Undertaking into ZLL would, *inter alia*, have the following benefits:

A. Post Amalgamation:

- ETC Music and ETC Punjabi Channels would add flavour to Entertainment Channel bouquet of ZEEL
- Library contents of ZEEL can be dubbed in Punjabi or other languages resulting in utilisation of content of ZEEL more effectively
- Cross selling of channel possible with the increase in cluster size
- Synergies expected to bring in cost savings in the selling and distribution expenses of ZEEL

B. Post demerger:

- ZLL could be able to channelize all the business efforts for its core Education business.

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Salient features:

- The Appointed Date for the merger of ETC into the Company is March 31, 2010.

- Upon the coming into effect of this Scheme and with effect from the Amalgamation Appointed Date for the merger i.e. March 31, 2010, the whole of the business, assets, properties and liabilities of ETC shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in ZEEL.

- ZEEL shall issue and allot to the members of ETC, other than ZEEL, whose name appears in the Register of Members of ETC as on the Record Date, **10 fully paid Equity Shares of Re 1 each to the shareholders of ETC for every 11 Equity Shares of Rs. 10 each held in ETC.**

- ZEEL shall apply to all Stock Exchanges where its equity shares are currently listed for listing of its equity shares, which will be allotted in pursuance of this Scheme.

- The share exchange ratio is based on the independent valuation and computation of share swap ratio carried out by M/s. Grant Thornton.

- On the Scheme becoming operative, all staff, workmen and employees of ETC including Education Business Undertaking, who are in service as on the Effective Date shall become staff, workmen and employees of ZEEL and ZLL, respectively, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with ETC including Education Business Undertaking shall not be less favorable than those applicable to them with reference to their employment with ZEEL or ZLL, as the case may be, on the Effective Date.

Zee Entertainment Enterprises Limited Mumbai