

Stock Idea

Entertainment Network (ENIL)

December 21, 2009

Adding 'mirchi' to India....

Stock data

Market Cap	900 Cr
Equity	47 Cr
Year High	270
Year Low	103
Revenue	450 Cr.
Net Profit	-
Book Value	65

Shareholding pattern

Promoters	71%
FII & MFs	11%
Public	18%

- Promoted by Times Group, Entertainment Network India Limited (ENIL) is the **leading FM Radio Broadcaster** (32 stations), Outdoor Advertiser and Event Management Company in India. It is the only company to have license for all 13 A/A+ cities, has the advertisement right for the three of the most valuable properties in outdoor media in India and has executed over 700 events annually.
- **'Radio Mirchi' has a 42% market share** (listeners) and it is profitable while other business divisions, Out-Of-Home (OOH) and Event Management Business are yet to turn around.
- General economic slowdown and challenging advertisement market has depressed the financial results of the company considerably. Investors preferred to stay away from the stock, which was quoting at around Rs.100 during the recent stock market depression.
- Radio business is growing at an impressive rate in India and the enviable leadership position of ENIL is creating many advantages for the company, most important of which is the pricing power. Competitors in Radio business are nowhere near to ENIL!
- ENIL is priced at Rs.900 Cr., going by the current stock price of Rs.190. The stock was highly fancied after listing in 2006 and had touched a high of Rs.700 in 2007. **ENIL is entering the 'profit zone'** in the coming quarters and one can expect action at the counter soon! Company is likely to report decent profits during 2010-11, on a consolidated basis and the stock price can go anywhere between Rs.300 to 400, depending on the market conditions.
- It is a high quality promising business managed by smart people and owned by resourceful group. One need to look beyond the past and current financial numbers, to feel comfortable to buy this stock.