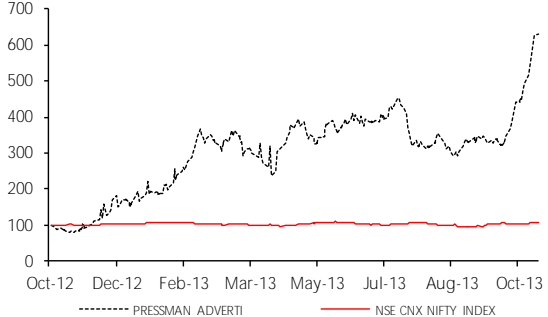


**Event update**
**Pressman Advertising Limited**

<b>Recommendation</b>	<b>BUY</b>		
<b>CMP (Rs.)</b>	<b>Rs.23.7</b>		
<b>Target Price (Rs.)</b>	<b>Rs.29(Upside 22%)</b>		
<b>Stock Details</b>			
BSE Code	509077		
Bloomberg Code	PMAL IN		
Market Cap (Rs. cr)	56		
Free Float (%)	25		
52- wk HI/Lo (Rs)	24/3		
Avg. Volume NSE (Monthly)	25727		
Face Value (Rs)	2.0		
Dividend (FY 13)	40%		
Shares o/s (Cr)	2.35		
<b>Relative Performance</b>	<b>1Mth</b>	<b>6Mth</b>	<b>1Yr</b>
<b>PMAL IN(%)</b>	86.2	68.4	501.0
<b>NIFTY(%)</b>	5.5	4.8	8.6
			
<b>Shareholding Pattern as of 30 Sep 2013</b>			
Promoters Holding	74.9%		
Institutional (Incl. FII)	0.5%		
Corporate Bodies	1.5%		
Public & others	23%		
<p>Vishal Jajoo - Sr. Research Analyst          (+91 22 3926-8136)          Email id: <a href="mailto:vishal.jajoo@nirmalbang.com">vishal.jajoo@nirmalbang.com</a></p>			

**Event update**

We had come up with an initiating coverage on Pressman Advertising Limited on September 6, 2013 at a price of Rs.12.8 (cum-dividend) with a target of Rs.22.5. **The said target has been achieved in less than two months, yielding ~90 per cent returns.** We further upgrade the target price to Rs.29.

**Investment Rationale**

- **One of the oldest advertising agencies in the country:** Set up in the mid-60s, Pressman is one of the oldest advertising agencies in the country. The company has consistently posted profits come what may, reflecting the dedicated and conservative approach of the promoters, especially in a scenario when 80 per cent of the sector is dominated by multi-national companies.
- **Promoted by a veteran in the industry:** The company is promoted by Dr. Niren Suchanti and Mr. Navin Suchanti. With nearly 43 years of experience in this field, Dr. Suchanti is a very well-known name in the advertising fraternity.
- **Improvement in earnings visibility:** The company has diverse stream of revenues with the business divided into four verticals: Advertising (70 per cent), Public Relations (20 per cent), Digital (8 per cent) and Design (2 per cent). We expect the company to be a key beneficiary of the upturn in the economy. With 80 per cent of repeat business and strong traction expected from new clients in existing verticals and encouraging response to recently launched verticals, we expect an improvement in earnings going forward.
- **Debt-free, cash-surplus Balance Sheet:** The company has a clean Balance Sheet with net cash of Rs.13 crore. This is in addition to the ad space inventory of around Rs.6 crore, taking the total cash and cash equivalent to more than 30 per cent of the present price.

**Valuation & Recommendation**

The company posted revenues of Rs.43.3 crore during FY'13. The PAT for the year stood at Rs.6.28 crore, translating into an EPS of Rs.2.68.

During Q1FY'14, the company clocked a PAT of Rs.2.01 crore on revenues of Rs.9.58 crore, translating into an EPS of Rs.0.86. We increase our PAT projection (from Rs.7.5 crore to Rs.8 crore) on the basis of an expected improvement in overall business environment. We also expect the revenues of the company to increase from our earlier projected figure of Rs.48 crore to Rs.50 crore for FY'14E. This should translate into an EPS of Rs.3.41.

A clean balance sheet coupled with dedicated promoters and being the only listed advertising agency in the country, we value the same at 8.5x FY'14E earnings to arrive at a price target of Rs.29 per share over the next 6 to 9 months. Considering the buoyancy in earnings, a higher dividend of Re.1 per share (Re.0.80 last year) is not ruled out.

Particulars (Rs Cr)	Net Sales	Growth	PAT	EPS (Rs.)	P/E (x)
FY'13	43.3	-	6.28	2.68	8.84
FY'14E	50	15.4%	8	3.41	6.95

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