Investors' Delight: Top 5 Emerging Midcaps 31st May, 2013

1) Cera Sanitaryware

- Sales: Rs. 488 cr
- PAT: Rs. 46 cr
- Sales 5-YR CAGR(%): 31
- PAT 5-YR CAGR(%): 36
- ROCE 5-YR avg(%): 30
- Dividend 5-YR avg: 56
- Cash: Rs. 40 cr
- Debt: Rs. 55 cr
- D/E: 0.31x
- Assets: Rs. 192 cr
- M-CAP: Rs. 576 cr
- CMP: Rs. 455
- TTM PE: 12x
- FY13 Return: 89%
- YTD Return: 12%

India's second-largest sanitaryware major with a marketshare of 23%, competes with leader Hindustan Sanitaryware & Industries (41% share). High marketing spends have ensured good brand visibility with sales clocking a CAGR of 28% and profits doing over 34% in the past five years. Over 55% of its products are produced in-house. That demand has been robust is evident from the 53% revenue growth Cera clocked in FY13 with operating margins of 15.4%, despite higher raw material costs. It is now foraying into the tiles segment and is eyeing revenues of Rs 20 crore in the first year of launch.

2) Liberty Phosphate

Coromandel International has bought out the erstwhile promoters' stake of 56%

- Sales: Rs. 460 cr
- PAT: Rs. 33 cr
- Sales 5-YR CAGR(%):35
- PAT 5-YR CAGR(%):75
- ROCE 5-YR avg (%):39
- Dividend 5-YR avg(%):12
- Cash: Rs. 27 cr
- Debt: Rs. 107cr
- D/E: 0.63x
- Assets: Rs. 179 cr
- M-CAP: Rs. 308 cr
- CMP: Rs. 213
- TTM PE: 9x
- FY13 Return: 204%

- YTD Return: 14%

This fertiliser company was recently in the news when Coromandel International picked up a 56.28% stake at Rs 241 per share. Coromandel has made an open offer to acquire an additional 26%, as well. With an installed capacity of 960,000 MT per annum, it is looking to set up a greenfield facility of 132,000 MT in Rae Bareli, Uttar Pradesh. However, delayed monsoons leading to poor demand and consumption of phosphatic fertilisers have impacted performance in the nine months ended December 2012. It remains to be seen how the change in ownership will help Liberty in the near term.

3) Page Industries

Jockey holds 21% share of the men's and 12% of the women's innerwear markets

- 9 MTH Sales: Rs. 654 cr
- 9 MTH PAT: Rs. 89 cr
- Annualised Sales: Rs. 873 cr
- Annualised PAT: Rs. 119 cr
- Sales 5-YR CAGR(%): 35
- PAT 5-YR CAGR(%): 38
- ROCE 5-YR avg (%): 46
- Dividend 5-YR avg(%): 222
- Cash: Rs. 7 cr
- Debt: Rs. 55 cr
- D/E: 0.26x
- Assets: Rs. 281 cr
- M-CAP: Rs. 4,223 cr
- CMP: Rs. 3,786
- TTM PE: 40x
- FY13 Return: 22%
- YTD Return: 10%

As more Indians lap up branded clothing, Page Industries, the exclusive licensee of Jockey International in India, has been among the biggest gainers. Jockey now holds 21% share of the men's and 12% of the women's innerwear markets. So, Page is best placed to leverage the potential in this market, estimated to grow to Rs 43,070 crore in FY20. Its distribution network of over 23,000 retail outlets and planned capacity expansion to 150 million pieces by December 2013 and 196 million by 2017 should help the company meet the growing demand.

4) Ramky Infrastructure

Ramky has put on hold the IPO of its waste management subsidiary

- 9 MTH Sales: Rs. 2,576 cr
- 9 MTH PAT: Rs. 129 cr
- Annualised Sales: Rs. 3,435 cr
- Annualised PAT: Rs. 172 cr
- Sales 5-YR CAGR(%): 28

- PAT 5-YR CAGR(%): 28
- ROCE 5-YR Avg(%): 20
- Dividend 5-YR Avg(%): 9
- Cash: Rs. 116 cr
- Debt: Rs. 2,344 cr
- D/E: 1.69x
- Assets: Rs. 2,827 cr
- M-CAP: Rs. 372 cr
- CMP: Rs. 65
- TTM PE: 3x
- FY13 Return (%): -74
- YTD Return (%): -35

The Hyderabad-based company gets over half of its revenues from building roads and bridges. It is also into waste water and water management, and development of commercial and residential real estate. The slowdown in order flow is a concern as the company managed to garner only Rs 950 crore in the nine months ended December 2012 compared with the Rs 5,800 crore it managed to book in FY12. Despite this, its order-book stands at Rs 12,500 crore, which is 3.8 times its 12-month trailing revenues. The company, though, needs to keep a lid on costs, which have begun to eat into profitability.

5) Munjal Auto Inds

- 9 MTH Sales: Rs. 525 cr
- 9 MTH PAT: Rs. 28 cr
- Annualised Sales: Rs. 700 cr
- Annualised PAT: Rs.37 cr
- Sales 5-YR CAGR(%) : 26
- PAT 5-YR CAGR(%) : 29
- ROCE 5-YR avg (%) : 27
- Dividend 5-YR avg(%) : 53
- Cash: Rs. 2 cr
- Debt: Rs. 49 cr
- D/E: 0.34x
- Assets: Rs. 191 cr
- M-cap: Rs. 154 cr
- CMP: Rs. 31
- TTM PE: 4x
- FY13 Return(%) : -42
- YTD Return(%) : -24

Munjal Auto primarily supplies exhaust systems and mufflers to group company Hero Motocorp and manufactures fuel tanks for four-wheelers, primarily Tata Nano. Mufflers contribute over 80% of revenue, with wheel rims, fuel tanks and other components making up the balance. Already, 97% of the company's revenue comes from Hero and that is unlikely to change anytime soon. Given that Hero's sales have been stagnating (1% growth in FY13) and with the management indicating another weak year in FY14, the outlook for the auto ancillary company is far from rosy.

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