

**DELIVERY BUY –SHANTI GEARS****SIX-MONTH TARGET: 120****History**

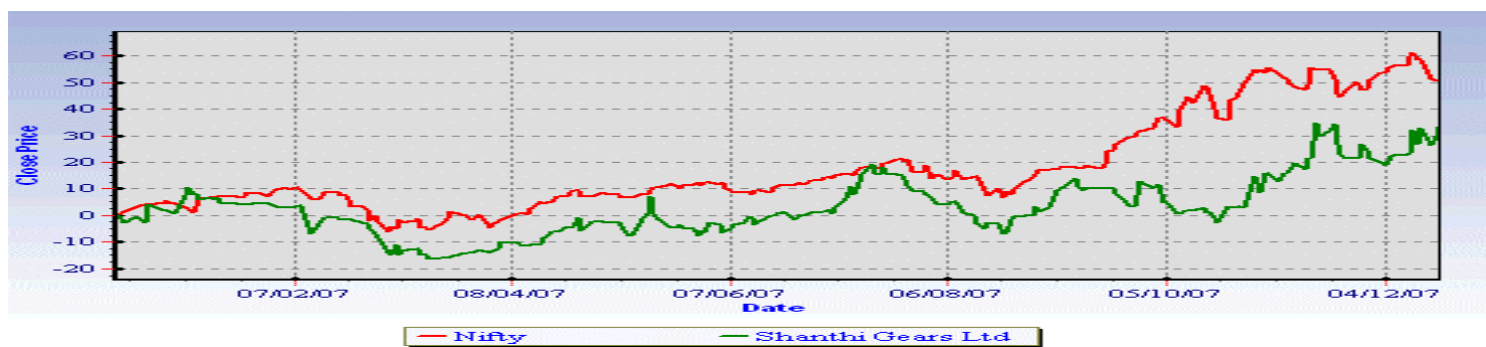
Shanthi Gears (SGL), the Coimbatore based gear manufacturing company was promoted by P Subramanian, an entrepreneurial engineer in 1969 as a partnership concern. In July 1972 the partnership firm was converted into a private limited company and later in March 1986 it became a public limited company. Shanthi gears, which was just the maker of gears for textile machinery when it was started is now producing gears for industries as wide as process, power steel, cement, sugar and aviation. The product range extends from gears for simple applications such as hand-driven jacks to high-tech gears for supersonic jet aircraft.

**Snap Shot**

	BSE	NSE
Last	92.85	93.35
Previous	91	90.95
Open	94.9	92.5
High	99.5	99
Low	91.5	92
Traded Date	19-Dec-07	19-Dec-07
Volume	63473	97541
52 W High	99.5	99
52 W Low	55	58

**Financial Data**

FV	1
BV	16.4
Div(%)	100
MCap	752
NP	34.29
EPS	4.1
P/E	22.7

**Comparison Of Shanti Gears Movement with Nifty**

## Past Financial Performance Curr: Rs in Cr.

FINANCIAL OVERVIEW - Shanthi Gears Ltd					
	200703	200603	200503	200403	200303
Equity Paid Up	8	8	8	4	4
Networth	132	94	70	55	48
Capital Employed	250	214	125	101	73
Gross Block	265	191	142	116	91
Net Working Capital ( Incl. Def. Tax)	68	92	45	42	31
Current Assets ( Incl. Def. Tax)	119	134	75	62	46
Current Liabilities and Provisions ( Incl. Def. Tax)	51	42	30	20	15
Total Assets/Liabilities (excl Reval & W.off)	302	256	155	121	88
Gross Sales	228	184	139	98	64
Net Sales	201	162	122	86	56
Other Income	6	3	1	2	2
Value Of Output	203	163	131	89	55
Cost of Production	134	106	81	61	39
Selling Cost	5	5	3	4	3
PBIDT	79	61	43	29	19
PBDT	72	56	40	27	16
PBIT	61	48	34	21	13
PBT	53	43	31	19	10

The Company has been performing steadily on the financial front with a steady growth on both the top line and the bottom line.

## Key Financial Ratios

Debt-Equity Ratio	1.06	1.07	0.8	0.68	0.5
Long Term Debt-Equity Ratio	0.8	0.86	0.6	0.58	0.5
Current Ratio	1.65	1.98	1.81	2.33	3.25
Fixed Assets Ratio	1	1.11	1.07	0.94	0.76

## Industry Comparison

	Latest	2006	2005
Debt-Equity Ratio	1	1.04	0.77
Long Term Debt-Equity Ratio	0.79	0.82	0.56
Current Ratio	1.77	1.96	1.83

## Liquidity Data

	Total Volume	Avg Volume	No. Of Days
Weekly	244810	48962	5
Fornightly	366428	36643	10
Monthly	649323	30920	21
Quarterly	1887126	29954	63
Half Yearly	4484040	35588	126
Yearly	7080412	28209	251

## Returns over Time Periods

Time Period	Return
1 Week	5.39%
1 Month	-0.32%
3 Months	20.43%
6 Months	31.61%
1 Year	32.64%

## SHARE HOLDING PATTERN - Shanthi Gears Ltd

Description as on	No of Shares	% of Holding	Share Holders	Demat Shares
	09 30 2007			
Indian (Promoter & Group)	36618876	45.25	6	36618876
Total of Promoter	36618876	45.25	6	36618876
Non Promoter (Institution)	18935373	23.40	31	18921423
Non Promoter (Non-Institution)	25378572	31.36	14218	21095606
Total Non Promoter	44313945	54.75	14249	40017029
Total Promoter & Non Promoter	80932821	100.00	14255	76635905
Grand Total	80932821	100.00	14255	76635905

## Relative Valuation

Name	Current Market Cap	Price Change Year To Date Percent	Last Price	Dividend 12 Month Yld - Gross
<b>Kennametal India Limited</b>	10403290	-4.94	473.35	0
<b>Shanthi Gears</b>	7324437	24.313	90.5	1.105
<b>Premier Limited</b>	5166678	497.888	198.2	1.0091
<b>Wendt India Limited</b>	1569800	10.956	784.9	2.2296
<b>Birla Kennametal Limited</b>	1408800	118.378	88.05	0.3407
<b>Lokesh Machines Ltd</b>	1354355	-18.498	115	2.1739
<b>Kalpana Industries Limited</b>	1242220	248.879	163.45	1.2236
<b>Dagger-Forst Tools Limited</b>	537005.7	-10.616	45.1	1.7738
<b>Ador Fontech Ltd</b>	418425	54.657	119.55	4.1824
<b>Kulkarni Power Tools Ltd</b>	356745	50.538	209.85	1.4296
<b>Electrex (India) Limited</b>	42105.9	0	4.45	0
<b>Consortex Karl Doelitzch</b>	22218.58	0	0.85	0
<b>Jeet Machine Tools Limited</b>	1332.8	0	0.68	0

## Technical Outlook



The stock had a good run up from around 14 levels to 90 levels in a matter of two years. There after the stock consolidated on a wide range of 90 on the upside and 50 on the downside. Now the stock is showing some buying interest on daily charts and it has formed a bullish pattern. Now the stock seems to be breaking out of that key resistance area around 90 levels if the stock manages to cross over that resistance zone with some volume the can moved up steadily from here. The stock is forming a series of higher tops and higher bottoms and oscillators are also indicating the strength on this counter. MACD is also looking good on this counter as it is forming a series of higher tops and higher bottoms. ADX also turning up now and +DI has crossed over -DI, based on all these we recommend a buy on this counter with an investment perspective.

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