



Crompton Greaves

Sell Crompton Greaves; Price may fall to Rs.110

- We are bearish on Crompton Greaves and recommend selling the stock with a target price of Rs.110 within one year from the current range of Rs.145.
- It appears that the growth momentum of the company has slowed down due to the general economic slowdown that has affected the operations of international subsidiaries of the company.
- The compounded annual growth rate (CAGR) of the company is expected to slow down to 11% during FY 08 – 11 as against the historical CAGR of 28.7% in FY 06 - 08
- Projected EPS for FY 10 is expected at Rs.14.34 and the target price of Rs.110 discounts the EPS by 7.7 times.

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