



February 28, 2011

Mahindra & Mahindra Ltd.

LTP: ₹ 615.75

Company Details

Exchange	NSE
Scrip Code	M&M - EQ
52-Week High	₹ 1154.95
52-Week Low	₹ 476.35

Strategy Summary

Entry Rate: ₹624

Critical Level for upside: ₹645

Target: ₹680, ₹710, ₹735

Support: ₹585, ₹560-540

Technical Indications

Stochastic Oscillator: Buy

Candlestick Pattern: Buy

MACD: Picking up momentum

RSI: Positive

Volume: Positive

M&M had been in a downtrend along with the general market; the counter even failed to reflect the recent pullback in the general market on fundamental grounds. Even though any major reversal signal is yet to happen in the counter, the last day's closing is attracting attention.



Rationale for Recommendation

The technical indicators are supporting a possible recovery in the coming days. Stochastic Oscillators is indicating a bullish crossover, with a positive divergence - But the confirmation is yet to happen. Momentum is building up in MACD, which is a pleasing sign. The money-flow is positive in the counter, and is in the recovery run.

Even though a sustained upside can be expected only above ₹645, the momentum will turn positive if the share price stays above ₹624. The first target/resistance in such a scenario is expected to be ₹680, which happens to be the 200-days moving average. The share has to cross, close and sustain above this for the shine to return. The upside resistance for the short-term will be ₹710, followed by ₹735. However, a failure to break and remain above ₹645 can extend the downside further.

The geopolitical scenario prevailing in the oil producer economies of Middle East and its possible impact on the crude oil price will remain to be the cause of concern for M&M. Therefore, holding the share with a short-term outlook if the price closes below the recent low of ₹585 might not be advisable. The lower level supports are ₹560 and ₹540.

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Short-term
Technical
Notes

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