

## IDFC Limited.

### BUY

<b>CMP</b>	Rs. 64
<b>Target Price</b>	Rs. 91
<b>Time Frame</b>	5-8 months
<b>Risk</b>	Medium
<b>Sector</b>	Financials.



### Price & Volume Analysis

% Change from previous Day	<b>6.47%</b>
% Change from previous Month	<b>10.88%</b>
52 Week High	<b>68.3</b>
52 Week Low	<b>41.7</b>
Weekly H/L	<b>58.90/64.40</b>
Deliverable	<b>32.93%</b>
Book Value / Share	<b>58.04</b>
EPS	<b>0.28</b>
Market Cap (Rs. CR)	<b>10,209</b>

IDFC, is a finance company based in India under Department of Financial Services, Government of India. Net worth of the Company increased from Rs. 9,255.56 crore as on March 31, 2020 to Rs. 9,261.10 crore as on March 31, 2021. Balance Sheet size however decreased from Rs. 9,331.88 crore as on March 31, 2020 to Rs. 9,303.78 crore as on March 31, 2021. Profit after tax and other comprehensive income was lower at Rs. 8.87 crore for FY 2020-21 as compared to Rs. 64.22 crore in FY 2019-20.

### Momentum Analysis

RSI (14, E9) Monthly	<b>60.26</b>
Smoothed RSI	<b>57</b>
Stochastic oscillator monthly (1,3,3)	<b>63.71</b>

Interestingly, the 14-period RSI has witnessed a positive reverse divergence and most importantly, the ongoing upsurge is crystal clear that the stock is in strong uptrend and is now aiming to move above its higher consolidation zone.

### Support & Resistance Analysis

Support 1	<b>52.5</b>
Support 2	<b>41</b>
Resistance 1	<b>75</b>
Resistance 2	<b>101</b>

The stock price is attempting to mark a massive break-out on the monthly charts and we firmly believe the said breakout is likely to be rewarding with aggressive targets at March 2015 high at 91. The stock price is witnessing an uninterrupted up move from the panic lows made in March 2020 at 13. Immediate supports are placed at 52.50 and then major supports are placed at 41.

### Trend Analysis

Moving Average - 50 Days	<b>61</b>
Moving Average - 200 Days	<b>56</b>
ADX (14d)	<b>21.38</b>
Bollinger Band Weekly	<b>69/49</b>
MACD Weekly	<b>1.66</b>

The daily time frame suggests that the stock price is piercing above its 50 and 200 days EMA line and with sequence of higher high/low intact in all-time-frames. The bounce is now resulting into a massive breakout on the upside on the monthly/weekly charts. ADX indicator too suggesting robust positive bias.

### CONCLUSION

Infrastructure Development Finance Company Limited, more commonly known as IDFC is registered with RBI as NBFC and provides finance and advisory services for infrastructure projects as well as asset management and investment banking. Besides banking, the firm has also has investments in diverse businesses such as asset management, and infrastructure debt fund.

IDFC received a license from RBI to set up a bank in 2014.

IDFC to exit AMC business and proceeds from sale to be distributed as one-time dividend. Post this, reverse merger with the bank wherein swap ratio is anticipated to remain neutral with only change in shareholder pattern.

IDFC's stock price is in limelight and the positive takeaway is that the reverse merger news is on cards; while in the past one year, the stock has increased over 70%. We believe that 'in-principle' approval is one step closer to materialisation of merger event. Reduced complexity due to single entity structure will act as biggest positive catalyst in the medium term. Recently, IDFC First Bank has given "in-principle" approval of a merger with IDFC Ltd and IDFC Financial Holding Company

IDFC AMC has an AUM of 126335 crore.

Preferred Strategy: Establish buy positions at CMP, and on dips between 45-50 zone, targeting 77.50 and then aggressive targets seen at 91 mark.



## Mehta Equities Ltd

903, 9th Floor, Lodha Supremus, Dr. E. Moses Road,  
Adjacent to Konark Empress Building,  
Worli Naka, Worli, Mumbai - 400018

info@mehtagroup.in

For Grievances

grievance@mehtagroup.in

T : +91 22 61507101

F : +91 22 61507102

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.

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