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Demystifying the Darvas Box: A Critical Examination of its Efficacy in capturing Multibagger stocks in Nifty 50 stocks

Dr. Monika Sharma [1], Priya Raj [2]
[1] Professor, Department of Commerce and Business administration, M.M.H. PG College, Ghaziabad, dr.monika.gzb@gmail.com
[2] Research Scholar, Department of Commerce and Business administration, M.M.H. PG College, Ghaziabad, C.C.S.U. Meerut, Priyaraj075@gmail.com

Abstract

Fueled by the allure of multibagger stocks exhibiting explosive growth potential, investors continuously explore diverse investment strategies. The quest for profitable trading strategies has led to the development of diverse technical analysis tools. One such approach, the Darvas Box Theory, championed by Nicolas Darvas, emphasizes the identification of breakout opportunities through the analysis of price ranges and volume confirmation. This paper delves into the core principles of the Darvas Box Theory, critically analyzing its strengths and applicability in the dynamic environment of contemporary stock markets in isolating potential multibagger stocks in today's market environment.

The research revisits the Darvas Box Theory's effectiveness in identifying potential investment opportunities within the Nifty Midcap 50 stocks. Qualitative approach is employed analyzing technical charts obtained from the Trading View platform. The methodology involves manually examining monthly charts to identify Darvas Box formations and then tracking subsequent price movements to assess if these breakouts align with broader market trends. Findings indicate the Darvas Box theory's efficacy in identifying multibagger stocks and pinpointing opportune entry points for investment purchases. Analysis of Nifty Midcap 50 stocks reveals significant returns, with some stocks exhibiting quadruple-digit growth percentages. The overall return generated by the Darvas Box breakout theory in these stocks is remarkable. In conclusion, this study provides compelling evidence for the utility of the Darvas Box theory in streamlining stock selection and entry timing. The conclusions drawn from this research will serve both academic audiences and practicing investors interested in refining their investment strategies and contribute valuable insights to the field of technical analysis.

Keywords

Technical analysis, Multibagger stocks, Support and resistance levels, Price consolidation.

INTRODUCTION

Technical analysis offers a diverse set of tools for navigating the intricate world of the stock market. Within this spectrum of methodologies, the Darvas Box Theory, championed by the self-instructed market participant Nicolas Darvas, distinguishes itself through its meticulous approach to pinpointing breakout possibilities circumscribed by clearly delineated price boundaries. Nicolas Darvas was a unique figure in the financial world, known for his unconventional path to stock market success. A dancer by profession, he embarked on an extraordinary journey in the world of investing, crafting a legacy with his innovative approach to the stock market. His claim to fame is the creation of the Darvas Box Theory, a trading strategy that he devised in the 1950s and which continues to influence traders to this day.

Within the investment landscape, a specific category of equities that captivates investors seeking exceptional returns are multibagger stocks. The allure of multibagger stocks is undeniable. These elusive stocks hold the potential to dramatically outperform the broader market, delivering exponential returns and propelling investment portfolios to new heights. Identifying these potential windfalls, however, can be a daunting task. Traditional fundamental analysis, while valuable, often struggles to predict the explosive growth trajectories characteristic of multibaggers. This is where technical analysis tools like the Darvas Box Theory step in, offering

a complementary perspective by analyzing historical price and volume patterns to unearth hidden gems with breakout potential. This paper will critically examine the core principles of the Darvas Box, exploring its strengths and how it performs in identifying multibagger stocks. We will analyze the historical performance of stocks that exhibited Darvas Box breakouts, evaluating the theory's effectiveness in predicting explosive price movements.

DARVAS BOX

The Darvas Box Theory leverages a technical analysis methodology centered on the identification of well-delineated price consolidation zones on price charts, which are aptly designated as "boxes". These boxes are characterized by a horizontal upper boundary (resistance) and a lower boundary (support). Darvas believed that a decisive price movement, or breakout, from these boxes, accompanied by significant volume, signified a potential trend shift and a lucrative trading opportunity.

Identifying the Darvas Box is the first step, achieved by visually analyzing the price chart and pinpointing horizontal areas where the price has repeatedly encountered resistance on the upside and support on the downside, forming a somewhat rectangular pattern. The upper boundary represents the resistance level, while the lower boundary signifies the support level. The theory hinges on the concept of breakouts and breakdowns. In technical analysis, a breakout signifies a decisive price movement where the asset decisively surpasses a key resistance level. This surge is often accompanied by a significant increase in trading volume, which suggests a potential shift in market psychology. A breakout to the upside is typically viewed as a bullish signal, indicating a possible buying opportunity and hinting at the continuation of the uptrend. Conversely, a breakdown occurs when the price falls below a crucial support level with noteworthy trading volume. This breakdown can be interpreted as a potential bearish signal, suggesting a downtrend and a possible selling opportunity for investors. Volume plays a critical role in the Darvas Box Theory. High volume accompanying a breakout strengthens the validity of the signal, suggesting a significant shift in market sentiment, with more buyers entering the market in the case of an upward breakout, or a surge in selling pressure in the case of a downward breakout. Low volume breakouts or breakdowns are considered less reliable, as they might indicate a lack of conviction from market participants. Darvas advocated for a disciplined approach to position sizing and management, recommending starting with smaller positions and potentially adding to winning positions if the price continued to move in the anticipated direction after the initial breakout. This approach aimed to capitalize on potential trends while mitigating risk. Risk management remains paramount in any trading strategy. The Darvas Box Theory suggests using the breached support or resistance level as the initial stop-loss placement, placing a stop-loss order below the support level for a long position (buying) and above the resistance level for a short position (selling), helping to limit potential losses if the breakout turns out to be false. At the heart of the Darvas Box Theory is the notion of "boxes," which represent price ranges within which a stock is trading. Darvas identified these boxes by looking for consecutive highs and lows that formed a distinct pattern on the price chart. When a stock's price broke out of a box to reach a new high, Darvas saw it as a signal to buy. Conversely, if the price broke down below the bottom of a box, it was a signal to sell or short the stock. Darvas used a combination of technical indicators and chart patterns to confirm his trading decisions. He paid close attention to volume, believing that a surge in trading activity could indicate the beginning of a new trend. Additionally, he looked for other technical signals, such as moving averages and support/resistance levels, to validate his trades.

SIGNIFICANCE AND RELEVANCE TO TECHNICAL ANALYSIS

One of the key strengths of the Darvas Box Theory is its simplicity. Darvas developed a set of clear and objective criteria for identifying trading opportunities, which made it accessible to traders of all skill levels. By

focusing on price action and avoiding complex mathematical models, Darvas was able to cut through the noise of the market and make informed decisions based on clear signals.

Another aspect of the Darvas Box Theory that appealed to traders was its adaptability. Darvas recognized that the stock market is constantly evolving, and he was not afraid to modify his strategy to suit changing conditions. As technology advanced and new trading techniques emerged, Darvas adapted his approach to incorporate these developments while staying true to the core principles of his theory.

In recent years, the Darvas Box Theory has experienced a resurgence in popularity among traders seeking a straightforward and effective approach to the stock market. With the advent of online trading platforms and advanced charting tools, Darvas's principles have been adapted and refined for the digital age. While the markets may have changed since Nicolas Darvas first introduced his theory, the underlying principles of the Darvas Box Theory remain relevant, offering traders a timeless framework for navigating the complexities of the stock market.

DARVAS BOX IN IDENTIFYING MULTIBAGGER STOCKS

The relentless pursuit of high-growth stocks, often referred to as "multibaggers," has captivated investors for generations. The Darvas Box Theory focuses on identifying breakouts from well-defined price ranges, often signaling the beginning of significant price surges. By visually analyzing price charts, the theory helps pinpoint horizontal areas where the price has repeatedly encountered resistance on the upside and support on the downside, forming a rectangular pattern. The theory posits that a decisive price movement, or breakout, from these boxes, accompanied by a surge in trading volume, signifies a potential trend shift and a lucrative opportunity to capitalize on a stock's ascent towards multibagger status. These breakout marks the correct point for entry into the stock for investment purpose.

LITERATURE REVIEW

Patil et al., (2024). The conference paper "Stock Market Prediction Using Darvas Box Technique" by Patil, Parale, Zanje, Nadkarni, and Mali (2024, November) applies the classic Darvas Box technique to modern financial markets. Focusing on Indian markets, the research demonstrates an innovative LSTM-based algorithm for automating the identification of Darvas Box patterns. This approach aims to provide a systematic and efficient method for pattern detection, moving beyond traditional discretionary analysis. By bridging classical technical analysis with advanced machine learning, the paper suggests enhanced predictability for stock markets, offering valuable regional insights.

Soren (2024). “Make Money With Darvas Box Trading: Unlocking Profit Potential With Darvas Box Trading” presents itself as a practical guide for traders interested in applying the renowned Darvas Box strategy. Published by Notion Press, the book aims to demystify this classic trading methodology, which focuses on identifying specific price ranges to determine optimal entry and exit points for stocks. A key strength highlighted by the title's description is its inclusion of "real-world examples," suggesting that readers can expect actionable insights and practical applications to help unlock profit potential in their trading endeavors. It appears to be designed for those seeking a clear, example-driven approach to implementing Darvas's method.

Darvas (2023). In "How I Made $2,000,000 in the Stock Market," Nicholas Darvas documents his unique journey and strategy that led him to accumulate substantial wealth through stock trading while pursuing a career as a dancing professional. The book recounts Darvas' experiences and the development of his "box system," a methodological approach to trading stocks which focuses on buying and selling according to specific price patterns and volumes. Darvas’ strategy is rooted in the technical analysis but is distinguished by his focus on both stock price movements and trading volumes, which he used to determine the right time for entry and

exit from a stock. Darvas' narrative style combines autobiographical storytelling with investment advice, making complex stock market concepts accessible to both novice and experienced traders. The appeal of his approach lies in its simplicity and the disciplined execution of trades based on specific, predefined criteria, rather than emotional impulses. Despite some skepticism in academic circles about the efficacy of such technical analysis methods, Darvas' results and the enduring popularity of his book have cemented its place as a classic in personal investment literature. The book highlights the fact that by adopting the appropriate approach and attitude, individuals can access the potential opportunities offered by the stock market, provided they are willing to acquire knowledge and implement structured strategies.

Maarseveen (2023). Emerging in the 1950s by the esteemed Nicolas Darvas, the Darvas Box method offers a well-regarded, practical approach to foreign exchange (forex) trading. This trend-following strategy utilizes technical analysis to construct "boxes" on price charts. These boxes represent statistically relevant support and resistance levels, which aid in identifying potential entry and exit points for trades. In essence, the Darvas Box, as described by Maarseveen, involves delineating a box around a defined range of historical price movements. This charted construct visually establishes the upper and lower bounds of the prevailing trend, empowering traders to make informed decisions about trade placement. Traders look for stocks or currencies in an upward or downward trend and use technical analysis to see if prices break through the box's bounds, signaling when to enter or exit trades. Subsequent chapters delve into the history, chart setup, trend identification, and market sentiment analysis using the Darvas Box method. Practical considerations, including the development of a comprehensive trading plan and the implementation of the system in real-world markets, are thoroughly addressed. Additionally, valuable tips for achieving success in trading are also provided. For those new to Forex trading, Maarseveen recommends considering the Darvas Box method for its simplicity and effectiveness. The simplicity of the Darvas Box method is a key advantage, making it easy for traders to understand and identify potential trades. It also helps manage risk by setting stop-loss orders at the box's boundaries.

Sivri et al.,(2023). This paper "An Intelligent System for Determination of Stop – Loss and Take – Profit Limits: A Dynamic Decision Learning Approach" further underscores the contemporary relevance of Darvas's risk management philosophy by focusing on the development of intelligent systems for dynamic stop-loss and take-profit determination. Darvas himself adaptively managed his stop-losses as stocks moved higher. This research reflects the current efforts in quantitative finance to automate and optimize such adaptive strategies using advanced computational methods, validating the enduring importance of Darvas's principles in controlling trade outcomes.

Chen (2022). The article "Darvas Box Theory: Definition and Role of Nicolas Darvas" explains the Darvas Box Theory, a technical analysis strategy by Nicolas Darvas. This method identifies stock breakout opportunities using price action and volume. It involves creating "boxes" on charts based on recent price highs (resistance) and lows (support). A breakout above the box's resistance with high volume signals a potential uptrend and a buying opportunity, while a breakdown below support with volume suggests a downtrend and a selling opportunity. The theory's simplicity makes it accessible to traders of all levels, and its focus on breakouts and volume confirmation aids in identifying market turning points and managing risk effectively. However, defining box boundaries can be subjective, leading to inconsistencies, and the theory's effectiveness might be limited in bear markets. Despite these limitations, the Darvas Box Theory remains a valuable framework for technical analysis, with modern adaptations incorporating advanced volume analysis and other technical indicators to enhance its utility.

Cohen (2022). The author meticulously reviewed the diverse methodologies employed by researchers and practitioners in the construction of algorithmic trading systems. Certain systems rely solely on data extracted from financial markets, while others cleverly blend financial data with insights gleaned from social media. The research delves into and elucidates upon the confluence of Social Media and Trading, Support Vector

Machines, Artificial Neural Networks, Technical Analysis, and Pattern Recognition, all of which contribute to the enhancement of trading outcomes for traders. Within the realm of technical analysis, Cohen (2022) elucidates the Darvas Box strategy, highlighting its applicability to Bitcoin. Given Bitcoin's novel and revolutionary nature as a digital currency, it presents an ideal candidate for testing this strategic approach.

Livingston (2017). The book opens by acknowledging the widespread allure of high-flying stocks and introduces the concept of breakouts, a fundamental aspect of technical analysis. However, the narrative swiftly pivots to highlight the inherent tension between the excitement and challenge associated with trading breakouts. The author meticulously dissects the concept of genuine breakouts, equipping readers with the tools to discern these opportunities from instances where the stock price has become overly extended. Notably, the text emphasizes the ideal breakout scenario – one preceded by a period of consolidation. The author posits that the extended this consolidation phase, the greater the stock's potential for a substantial upward move. The subsequent chapter delves deeper, exploring the optimal stock and market types for breakout trading. It provides a roadmap for navigating entry and exit points, while also addressing the complexities of gap ups (sudden price jumps upwards), gap downs (sharp price drops), and the ever-present threat of false breakouts. **Darvas (2008).** Nicolas Darvas has developed an innovative technique for analyzing stock market trends.

Named the DAR-CARD, this system is user-friendly and has a crucial component that current systems lack. DAR-CARD need no explanation. DAR-CARD is a valuable tool in the stock market that efficiently transforms data into financial gains. It eradicates perplexing swings and signifies the trend and the points at which to purchase and sell - the crucial components for financial gain. DAR-CARD is a portable and concise visual depiction of Nicolas Darvas's approach. It is a simple tool that can be conveniently carried in one's pocket and used to compare against the closing prices of each day. DAR-CARD, a compact device no larger than a postcard, includes comprehensive instructions and all the essential information required to make informed decisions on buying, selling, or holding. Darvas not only provides a distinctive tool for navigating the stock market, but also offers clear guidance on: optimal timing for purchasing stocks; key indicators to monitor; five strategies for increasing favorable outcomes; methods for identifying urgent sales; recommended duration for holding stocks; risks associated with frequent trading; and factors to consider before making investment decisions.

Darvas (2007). Nicolas Darvas, renowned for his groundbreaking box trading system, authored "Darvas System for Over the Counter Profits" as a follow-up to his acclaimed work on stock trading methodologies. While dated, this book offers insights into the dynamics of Over the Counter (OTC) markets. Unlike Darvas's previous work, this book lacks a proprietary trading system for OTC stocks. Instead, it delineates the challenges inherent in OTC trading, such as limited liquidity and volatility stemming from small issues. Additionally, it touches on OTC bonds and mutual funds, cautioning against assuming past performance translates to future success in managing larger sums. The book presents criteria for identifying potentially lucrative OTC stocks, emphasizing attributes like industry trends, management ownership, and institutional interest. It also provides guidelines on avoiding risky investments, including those underwritten via best-efforts arrangements and those with extensive cooling-off periods.

Moreover, Darvas explores unconventional opportunities in OTC markets, such as dormant shell companies and speculative penny stocks. He outlines risk management principles, including timely profit-taking and swift loss-cutting strategies, tailored to the unique challenges of OTC trading. Nonetheless, Darvas's observations on market behavior, risk management, and investor psychology offer enduring lessons for traders navigating dynamic financial landscapes. By scrutinizing the past, traders can glean valuable principles to inform their strategies and adapt to evolving market conditions. Existing research on the Darvas Box theory primarily focuses on the core principles and mechanics of the Darvas Box strategy, often lacking empirical validation of its performance. Limited research examines the historical efficacy of the Darvas Box theory, with studies often

focusing on specific time periods or market conditions, raising questions about generalizability.

RESEARCH GAP

While the Darvas Box theory continues to hold a prominent place in the technical analyst's toolkit, a crucial question lingers: how well does it translate to today's market dynamics? Despite its enduring popularity, a significant knowledge gap exists regarding the effectiveness of the Darvas Box theory in identifying stocks with the potential for explosive growth, often referred to as multibaggers. The subjectivity inherent in identifying Darvas Boxes on charts is not adequately addressed in current literature. This subjectivity can lead to inconsistent application and potentially misleading results. This lack of clarity necessitates further research to determine whether the theory can be a reliable tool for navigating the complexities of contemporary financial markets and identify stocks with the potential for an immense growth.

SIGNIFICANCE

This research addresses the gap by focusing on Multibagger Stocks. The paper specifically investigates the Darvas Box theory's ability to identify stocks with exceptional growth potential, a crucial aspect for many investors. The research visually backtests the technical charts to evaluate the relevance of the strategy and its performance. The research acknowledges the subjectivity in box identification and aims to establish a clear set of criteria for box formation, potentially mitigating this limitation. By critically examining the Darvas Box theory's efficacy in capturing multibagger stocks, this research aims to contribute valuable insights to the field of technical analysis. The findings can inform investors and traders about the potential utility of the Darvas Box strategy in their investment decisions, marking the correct entry point for investment while also highlighting areas for further refinement and adaptation in the ever-evolving market landscape.

RESEARCH METHODOLOGY

Type of research: This research paper is qualitative in nature with visual observation of Darvas Box theory’s performance in identifying multibagger stocks. It involves qualitative analysis of the formations of Darvas Box in the technical charts, examining the breakouts and the rally if made by the stock.

Scope of Research: The ambit of this study is limited to the technical charts of Nifty Midcap 50 stocks.

Data Source: Secondary data pertinent to the Nifty Midcap 50 stocks will be culled from the online financial visualization platform named Trading View (www.tradingview.com).

Methodology: In the pursuit of our study, a perceptual examination of technical charts will be conducted. These charts, sourced from the designated website, will be scrutinized on a monthly time frame to capture broader market trends. These charts will serve as the visual landscape for our analysis, with price movements depicted through the informative medium of candlestick patterns. Analysis is conducted from the beginning, when the stocks were listed on the National Stock Exchange. Darvas Boxes are marked, if identified, with rectangles, and then the movement of price is observed in terms of percentage change in the first major swing from the point of view of investment, labelled by the measurement indicator in the blue strip of the Trading View platform.

Darvas Boxes are formed by taking major resistance and support levels as the upper and bottom lines of the box, using the magnet tool on the Trading View website. Retest swings are not considered. This process is followed for all Nifty Midcap 50 stocks.

FINDINGS AND INTERPRETATION

Boxes with green outline represent the Darvas boxes and the black upward arrow points the breakout candle. Change in points and percentage have been denoted by the measurement scale in blue colored filled box. Points

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have been measured from the high of the breakout candle till the first swing. The red arrow denotes failed breakout of the Darvas Box. Swings in which price retests the breakout are ignored. The following pictures represent the discussed scenario in the stocks of Nifty Midcap 50.

ACC

Balkrishna Industries Ltd. (In this stock, three Darvas boxes are formed one after other simultaneously each having their own breakout candles).

Escorts Kubota Ltd. (In this stock, the first Darvas box is failed as the price breaches the lower support but the second Darvas Box completely works giving an immense return of 346.47%).

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Indian Hotels Co. Ltd.

Cummins India Ltd. (The first Darvas box fails as the price breaks down the support level denoted by the red arrow. However, the second and third boxes works each having their own breakout candles.)

Max Financial Services Ltd.

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Tata Communications Ltd.

MRF

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Steel Authority of India Ltd.

Hindustan Petroleum Corporation Ltd. (This stock has two Darvas Box formations each with their own breakouts).

Bharat Heavy Electricals Ltd.

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UPL Ltd.

PI Industries Ltd.

Lupin Ltd.

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Mphasis Ltd.

Federal Bank Ltd.

Aurobindo Pharma Ltd.

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Page Industries Ltd.

Container Corporation of India Ltd.

Jubilant Foodworks Ltd.

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Godrej Properties Ltd.

Mahindra and Mahindra Financial Services Ltd.

Persistent Systems Ltd.

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Alkem Laboratories Ltd.

Max Health Care Institute Ltd.

Vodaphone Idea Ltd.

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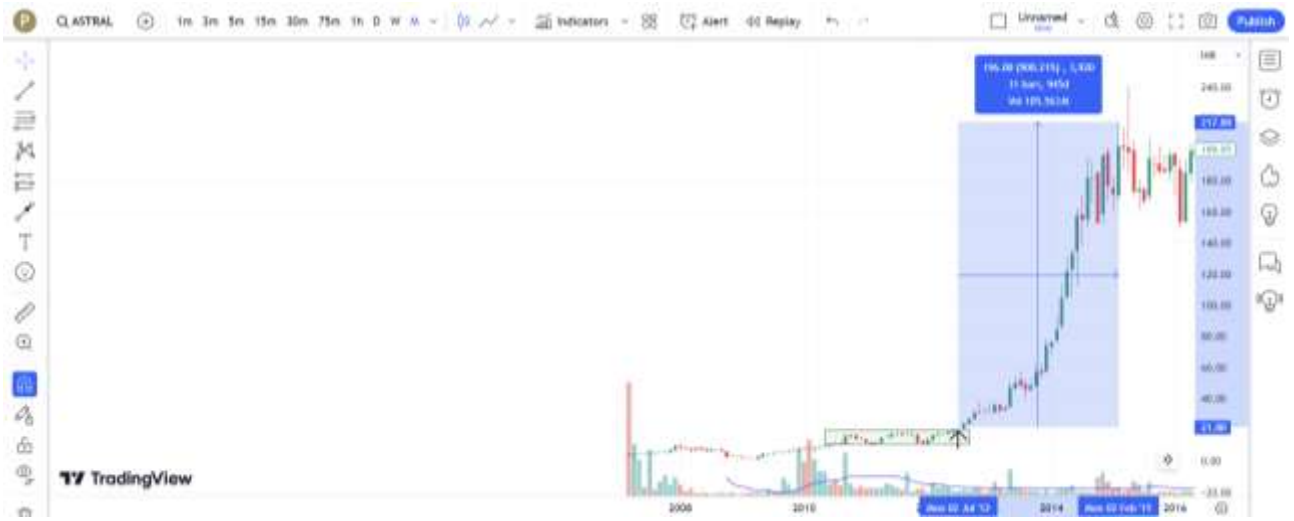
Coforge Ltd.

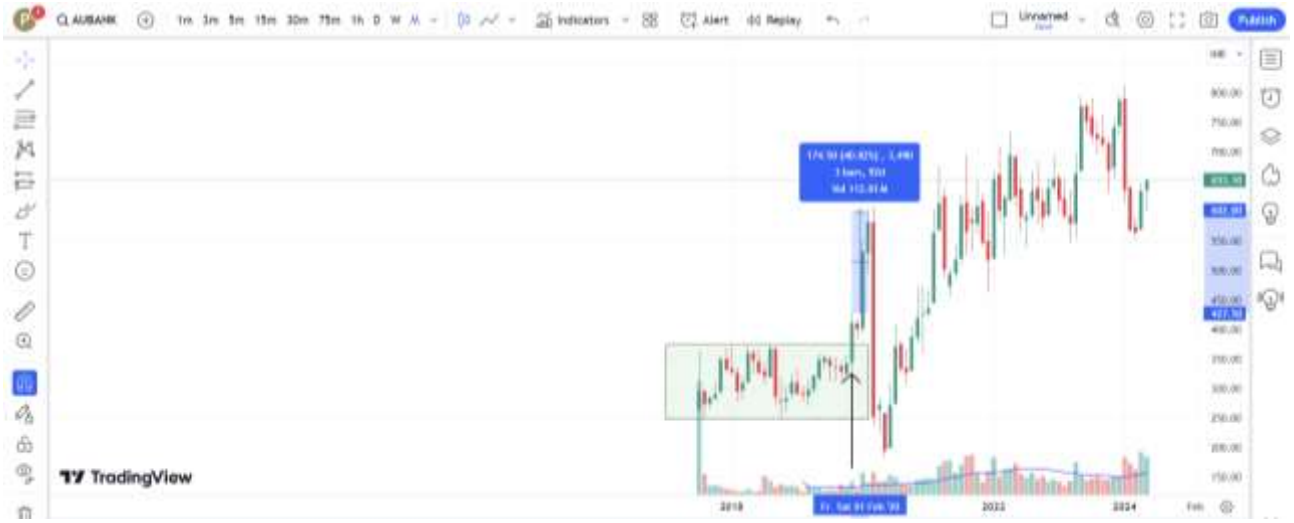
Yes Bank Ltd.

Polycab India Ltd.

Astral Ltd.



AU Small Finance Ltd.



Dixon Technologies India Ltd.

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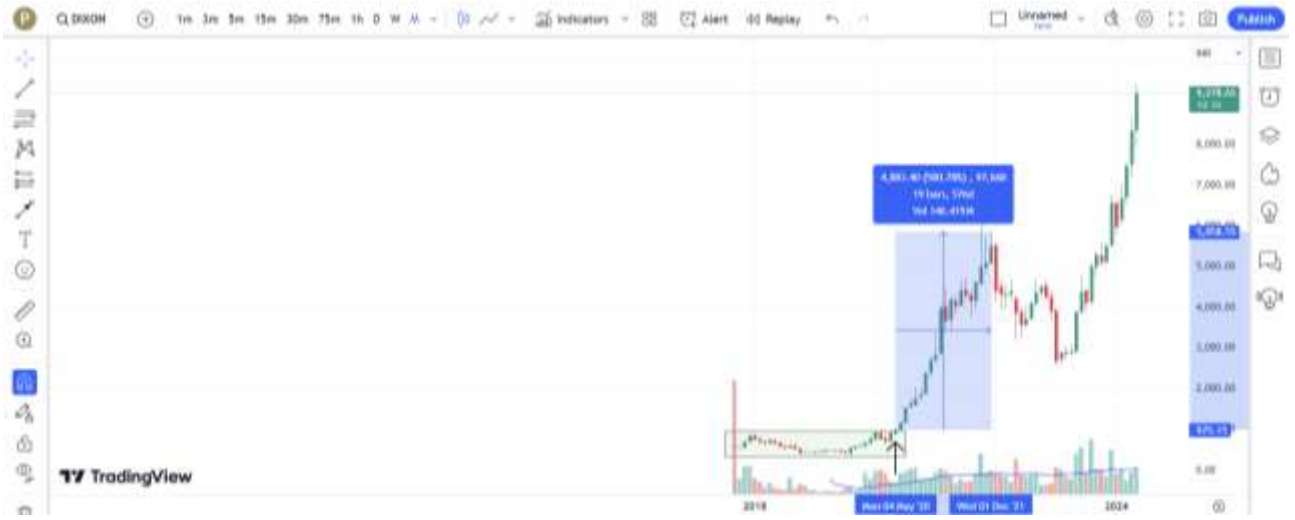

Oberoi Realty Ltd.

L&T Finance Ltd.

Gujarat Gas Ltd.

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L&T Technology Service Ltd.

Dalmia Bharat Ltd.

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Stocks that have recently given breakout from their first Darvas box formation on monthly basis are:

NMDC Ltd.

Suzlon Energy Ltd.

IDFC First Bank Ltd.

GMR Airport Infrastructure Ltd.

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Aditya Birla Capital Ltd.

Stocks in which no clear Darvas Box have been formed giving breakout before the first major upswing in monthly time frame are Ashok Leyland Ltd., Bharat Forge Ltd., Oracle Financial Service Software Ltd., Petronet LNG Ltd., HDFC Asset Management Company Ltd., Indus Tower Ltd., Tube Investment of India Ltd., Bandhan Bank Ltd.

DISCUSSIONS AND CONCLUSIONS

The findings of this study strongly support the Darvas Box theory's effectiveness in not only identifying multibagger stocks but also pinpointing opportune entry points for investment purchases. The given table illustrates the returns generated by the Nifty Midcap 50 stocks capturing the points of the first swing after the breakout from Darvas Box.

Stock Name	**Return (in %)**	**Stock Name**	**Return (in %)**
AU Small Finance Ltd.	40.82%	Gujarat Gas Ltd.	379.27%
Alkem Laboratories Ltd.	49.80%	Lupin Ltd.	417.68%
Max Financial Services Ltd.	68.97%	Aurobindo Pharma Ltd.	435.71%

Max Health Care Institute Ltd.	83.84%	Indian Hotels Co. Ltd.	481.08%
Polycab India Ltd.	95.36%	Jubilant Foodworks Ltd.	481.91%
Vodaphone Idea Ltd.	97.48%	Dixon Technologies India Ltd.	500.78%
UPL Ltd.	100.98%	Container Corporation of India Ltd.	506.58%
Mphasis Ltd.	104.94%	Hindustan Petroleum Corporation Ltd.	524.50%
Godrej Properties Ltd.	123.08%	Cummins India Ltd.	540.21%
Tata Communications Ltd.	136.37%	MRF	647.99%
L&T Technology Service Ltd.	139.15%	Balkrishna Industries Ltd.	735.97%
L&T Finance Ltd.	139.74%	Federal Bank Ltd.	857.70%
Oberoi Realty Ltd.	186.46%	Dalmia Bharat Ltd.	870.13%
Persistent Systems Ltd.	255.38%	Astral Ltd.	900.21%
Coforge Ltd.	271.83%	Steel Authority of India Ltd.	1128.51%
ACC	341.54%	PI Industries Ltd.	2110.58%
Mahindra and Mahindra Financial Services Ltd.	342.91%	Page Industries Ltd.	2355.36%
Escorts Kubota Ltd.	346.47%	Bharat Heavy Electricals Ltd.	2549.19%
Yes Bank Ltd.	368.35%		

It is observed that the returns captured by Darvas Box theory in Nifty Midcap 50 stocks are that of multibagger stocks ranging from the lowest 40.82% in AU Small Finance Ltd. to the highest 2549.19% in Bharat Heavy Electricals Ltd.

Significantly, stocks like Page Industries Ltd., PI Industries Ltd., and Bharat Heavy Electricals Ltd. have shown quadruple-digit growth percentages, underscoring the potential of Darvas Box in capturing substantial upward movements during bullish phases. The consistently high returns across a variety of industries from pharmaceuticals to technology and heavy engineering further validate the robustness of the Darvas Box method in identifying stocks poised for considerable gains.

For a fund equally distributed in above stock breakout trades and points captured till the first swing, the overall return generated by Darvas box breakout theory in Nifty Midcap 50 stocks is 19209.42%. The average return generated is 519.17%.

Darvas box not only saves up the time wasted in the consolidation period by accurately trading the breakout of the box. The theory also helps in risk management by pointing the price at which the trade should be exited,

that is the bottom line of the box, in order to avoid major losses.

The study results imply that the Darvas Box methodology can empower investors to make strategic decisions that capitalize on potentially high-growth stocks. Overall, this study presents compelling evidence for the Darvas Box theory's utility in streamlining stock selection and entry timing. However, meticulous research and a diversified portfolio remain paramount for achieving long-term investment success.

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