

Eveready Industries Ltd., a prominent player in India's battery and flashlight market, has demonstrated notable financial and technical patterns. This analysis delves into both the fundamental and technical aspects of the company to provide a holistic view for potential investors.

Fundamental Analysis

1. Financial Performance

- **Revenue Trends:** In the quarter ending September 2024, Eveready Industries reported consolidated net sales of ₹362.44 crore, marking a slight decline of 0.67% year-over-year. This dip is attributed to a decrease in Carbon Zinc battery volumes, offset by growth in the Alkaline segment. [Moneycontrol](#)
- **Profitability:** The company achieved a consolidated net profit of ₹29.56 crore in the same quarter, reflecting a 16.2% increase from the previous year. This improvement underscores effective cost management and operational efficiency. [Moneycontrol](#)

2. Key Financial Ratios

- **Return on Equity (ROE):** As of March 2024, the ROE stands at 18.91%, indicating efficient utilization of shareholder funds to generate profits. [Stock Analysis](#)
- **Return on Assets (ROA):** The ROA is 7.17%, reflecting the company's ability to generate earnings from its assets. [Stock Analysis](#)
- **Debt to Equity Ratio:** The company maintains a debt to equity ratio of 0.79, suggesting a balanced approach to leveraging. [Stock Analysis](#)
- **Current Ratio:** With a current ratio of 1.15, Eveready Industries has sufficient short-term assets to

cover its short-term liabilities.

[Stock Analysis](#)

3. Market Position and Strategy

- **Product Diversification:** Beyond batteries and flashlights, Eveready has expanded into lighting solutions and electrical accessories, aiming to capture a broader market share.
- **Brand Equity:** The company's longstanding presence and brand recognition in India provide a competitive edge in the consumer goods sector.

Technical Analysis

1. Price Patterns

- **Bullish Pennant Formation:** The weekly chart reveals a bullish pennant pattern, characterized by a sharp upward movement followed by consolidation within converging trendlines. This pattern typically indicates a continuation of the prior uptrend.
- **Breakout Potential:** A decisive breakout above the ₹410 level, accompanied by increased volume, could propel the stock towards the ₹700–₹750 target range.

2. Momentum Indicators

- **MACD (Moving Average Convergence Divergence):** The MACD line has crossed below the signal line, indicating short-term bearish momentum. However, a reversal in this indicator would support the bullish breakout scenario.

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- **RMI (Relative Momentum Index):** The RMI is currently in a neutral zone, suggesting that the stock has room for upward movement if buying pressure resumes.

subsequent hurdle at the previous high of ₹505. Surpassing these levels would be pivotal for the stock's upward trajectory.

4. Volume Analysis

- **Consolidation Phase:** The consolidation within the pennant has been accompanied by lower trading volumes, which is typical as the stock prepares for a potential breakout.

- **Breakout Confirmation:** A significant increase in volume during a breakout above ₹410 would validate the bullish pattern and signal strong buying interest.



3. Support and Resistance Levels

- **Support:** The lower boundary of the pennant, around ₹320–₹330, serves as a critical support level. A drop below this range could invalidate the bullish outlook.
- **Resistance:** Immediate resistance is observed near ₹410, with a

Conclusion

Eveready Industries Ltd. demonstrates a solid fundamental foundation, highlighted by consistent profitability and strategic market positioning. The technical indicators suggest a potential bullish continuation, contingent upon a confirmed breakout above key resistance levels. Investors should monitor momentum indicators and volume trends closely to identify optimal entry points. As always, it's advisable to conduct thorough due diligence or consult with a financial advisor before making investment decisions.

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