

# Critical Stock Portfolio Analysis - July 2025

## Executive Summary

**Total Portfolio Value:** ₹950,240.09

**Total Investment:** ₹950,240.09

**Overall Return:** -₹101,622.39 (-9.67%)

**Performance Period:** June 14 - July 13, 2025

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## 1. Portfolio Performance Summary

### Key Metrics

- **Current Portfolio Value:** ₹848,617.70
- **Total Investment:** ₹950,240.09
- **Net Loss:** ₹101,622.39 (-9.67%)
- **Best Performing Stock:** ICICIBANK (+5.45%)
- **Worst Performing Stock:** TCS (-54.86%)

### Daily Portfolio Trend

The portfolio has shown significant volatility with an overall downward trend. The most notable decline occurred in IT stocks (TCS, INFY, WIPRO), which collectively represent 34.7% of the portfolio.

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## 2. Stock-wise Performance Analysis

### IT Sector (34.7% of portfolio)

**TCS - SELL RECOMMENDATION** 

- Current Price: ₹777.14 | Buy Price: ₹1,721.93
- **Loss:** ₹47,239.50 (-54.86%)
- **Critical Issue:** Massive overvaluation at purchase (P/E: 43.91)
- **Action:** Immediate exit to prevent further losses

#### INFY - HOLD ⚠️

- Current Price: ₹2,909.41 | Buy Price: ₹2,885.96
- **Gain:** ₹1,242.85 (+0.81%)
- **Analysis:** Reasonable P/E (32.45), stable performance
- **Action:** Monitor closely, consider partial profit booking

#### WIPRO - SELL RECOMMENDATION 🚫

- Current Price: ₹2,737.20 | Buy Price: ₹2,824.76
- **Loss:** ₹2,801.92 (-3.10%)
- **Issue:** High P/E (38.33) with declining trend
- **Action:** Exit position

### Banking Sector (41.6% of portfolio)

#### ICICIBANK - BUY MORE ✅

- Current Price: ₹2,854.79 | Buy Price: ₹826.46
- **Gain:** ₹146,110.76 (+245.47%)
- **Strength:** Low P/E (18), strong fundamentals
- **Action:** Consider increasing position

#### HDFCBANK - HOLD ⚠️

- Current Price: ₹3,022.18 | Buy Price: ₹1,958.35
- **Gain:** ₹83,018.54 (+54.33%)
- **Analysis:** Reasonable valuation, good dividend yield
- **Action:** Maintain position

#### AXISBANK - SELL RECOMMENDATION

- Current Price: ₹1,890.68 | Buy Price: ₹3,073.29
- **Loss:** ₹37,843.52 (-38.48%)
- **Issue:** Extremely high P/E (44.38), poor performance
- **Action:** Exit to cut losses

#### SBIN - BUY MORE

- Current Price: ₹922.34 | Buy Price: ₹1,496.11
- **Analysis:** Reasonable P/E (29.38), state backing
- **Action:** Consider averaging down

#### Other Sectors

#### RELIANCE (Energy) - SELL RECOMMENDATION

- **Loss:** ₹23,264.88 (-55.46%)
- **Issue:** Purchased at inflated price, poor sector outlook

#### LT (Construction) - BUY MORE

- **Gain:** ₹13,357.75 (+7.44%)
- **Strength:** Excellent P/E (15.17), undervalued

#### HINDUNILVR (FMCG) - HOLD

- **Loss:** ₹11,789.56 (-19.05%)
  - **Analysis:** Stable sector, temporary correction
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### 3. Valuation Analysis

#### Overpriced Stocks (Immediate Sale)

1. **TCS** - P/E: 43.91 (Severely overvalued)
2. **AXISBANK** - P/E: 44.38 (Highest in portfolio)
3. **HINDUNILVR** - P/E: 38.61 (Premium valuation)
4. **WIPRO** - P/E: 38.33 (Overvalued tech)

#### Fairly Priced Stocks (Hold)

1. **HDFCBANK** - P/E: 38.22 (Reasonable for banking)
2. **INFY** - P/E: 32.45 (Acceptable tech valuation)
3. **RELIANCE** - P/E: 31.61 (Fair but sector concerns)
4. **SBIN** - P/E: 29.38 (Government bank premium)

#### Underpriced Stocks (Buy More)

1. **LT** - P/E: 15.17 (Significantly undervalued)
  2. **ICICIBANK** - P/E: 18.00 (Excellent value)
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### 4. Critical Buy/Sell Recommendations

#### IMMEDIATE SELL (Cut Losses)

1. **TCS** - 54.86% loss, overvalued
2. **AXISBANK** - 38.48% loss, extreme P/E

3. **RELIANCE** - 55.46% loss, sector headwinds

4. **WIPRO** - Declining trend, high valuation

### **BUY MORE (Value Opportunities)**

1. **ICICIBANK** - Strong fundamentals, low P/E

2. **LT** - Undervalued construction play

3. **SBIN** - Government backing, reasonable price

### **HOLD (Monitor Closely)**

1. **HDFCBANK** - Solid performer, maintain

2. **INFY** - Stable IT play, small profit

3. **HINDUNILVR** - Defensive FMCG, await recovery

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## **5. Sector Allocation Analysis**

### **Current Allocation:**

- Banking: 41.6% (Overweight - Reduce)
- IT: 34.7% (Overweight - Reduce significantly)
- Construction: 12.3% (Underweight - Increase)
- Energy: 4.4% (Exit completely)
- FMCG: 7.0% (Maintain)

### **Recommended Allocation:**

- Banking: 35% (Quality banks only)
- IT: 20% (Reduce exposure)
- Construction: 20% (Increase via LT)

- Healthcare: 15% (New sector entry)
  - FMCG: 10% (Maintain defensive)
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## 6. Risk Assessment

### High-Risk Holdings

- **TCS, AXISBANK, RELIANCE:** Immediate exit required
- **Risk Level:** Critical losses, overvaluation

### Medium-Risk Holdings

- **WIPRO, HINDUNILVR:** Monitor closely
- **Risk Level:** Moderate concerns

### Low-Risk Holdings

- **ICICIBANK, LT:** Strong fundamentals
  - **Risk Level:** Minimal concerns
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## 7. Action Plan

### Week 1-2: Damage Control

1. **Exit TCS immediately** (Save ₹47K+ potential losses)
2. **Sell AXISBANK** (Cut ₹37K losses)
3. **Exit RELIANCE** (Prevent further energy sector losses)

### Week 3-4: Rebalancing

1. **Increase ICICIBANK position** (Add 20-30 shares)

2. **Buy more LT** (Double current position)
3. **Maintain HDFCBANK and INFY**

## Month 2: Portfolio Optimization

1. **Diversify into healthcare/pharma**
  2. **Consider quality mid-cap additions**
  3. **Maintain 20% cash for opportunities**
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## 8. Key Learnings

### Critical Mistakes Made

1. **Overvaluation Trap:** Bought TCS at 43.91 P/E
2. **Sector Concentration:** Too much in IT/Banking
3. **Momentum Buying:** Purchased near peaks
4. **Poor Timing:** Entered volatile periods

### Success Factors

1. **ICICIBANK:** Excellent value pick
  2. **LT:** Construction sector timing
  3. **Diversification:** Multiple sectors (though imbalanced)
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## 9. Future Strategy

### Investment Philosophy

1. **Value-First Approach:** P/E <20 for new purchases
2. **Sector Limits:** Max 25% in any single sector

3. **Risk Management:** Stop-loss at 15% per stock

4. **Regular Review:** Monthly portfolio assessment

### Performance Targets

- **6-Month Goal:** Break-even (0% return)
  - **1-Year Goal:** 12-15% absolute return
  - **Risk Tolerance:** Maximum 20% portfolio decline
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### Conclusion

The portfolio requires immediate restructuring with a focus on cutting losses from overvalued stocks and reallocating to undervalued opportunities. The current 9.67% loss is manageable if swift action is taken to exit poor performers and strengthen positions in fundamentally sound stocks like ICICIBANK and LT.

### Priority Actions:

1. Sell overvalued stocks (TCS, AXISBANK, RELIANCE)
2. Increase positions in undervalued stocks (ICICIBANK, LT)
3. Diversify beyond IT and Banking
4. Implement strict valuation discipline for future purchases