

Ever wondered whether returns of NIFTY are lesser or higher than 30 stock Index Sensex?

Generally concentrated portfolios, such as Sensex (30 stocks) outperform broad based portfolio such as Nifty (50 stocks) but instead NIFTY has outperformed SENSEX over short to long term. Valuation of Nifty is lesser than Sensex as well.

Lest us understand the reasons behind it.

Reasons:

1. Constituent Differences: Nifty has 50 while Sensex has 30 stocks.
2. Impact of Adani group: **Adani Enterprises & Adani Ports** had a **huge rebound** after the 2023. Since **Sensex doesn't have Adani stocks**, it missed this rally.
3. Other factors: The broader base helped Nifty capture winners outside the top 30.
4. Nifty has PSU giants (ONGC, Coal India, NTPC, Power Grid) that benefited from the 2024–25 PSU rally. Sensex lacks these.
5. Nifty has more financials diversity (e.g., SBI, Axis Bank, Bajaj twins) vs Sensex which is more tilted towards HDFC Bank + ICICI Bank. SBI in particular outperformed.

Type	Nifty	Sensex	
1 year CAGR	6.17%	5.63%	Nifty Outperformed
3 year CAGR	14.33%	13.56%	
P/E ratio	21.93	22.70	Nifty is undervalued

Adani's Weight in the NIFTY 50

- As of August 26, 2025, Adani Enterprises holds a 1.34% weight in the NIFTY 50 index.
- Back on September 30, 2024, its weight was around 0.637%.

This shows that its index weight more than doubled over that period, reflecting sharp price appreciation and rising market capitalization

Conclusions/ Takeaways:

1. If index ETFs are to be bought go for Nifty ETFs
2. Portfolio performance is irrespective of how many stocks you hold.

It is not necessary that having more stocks means lesser returns