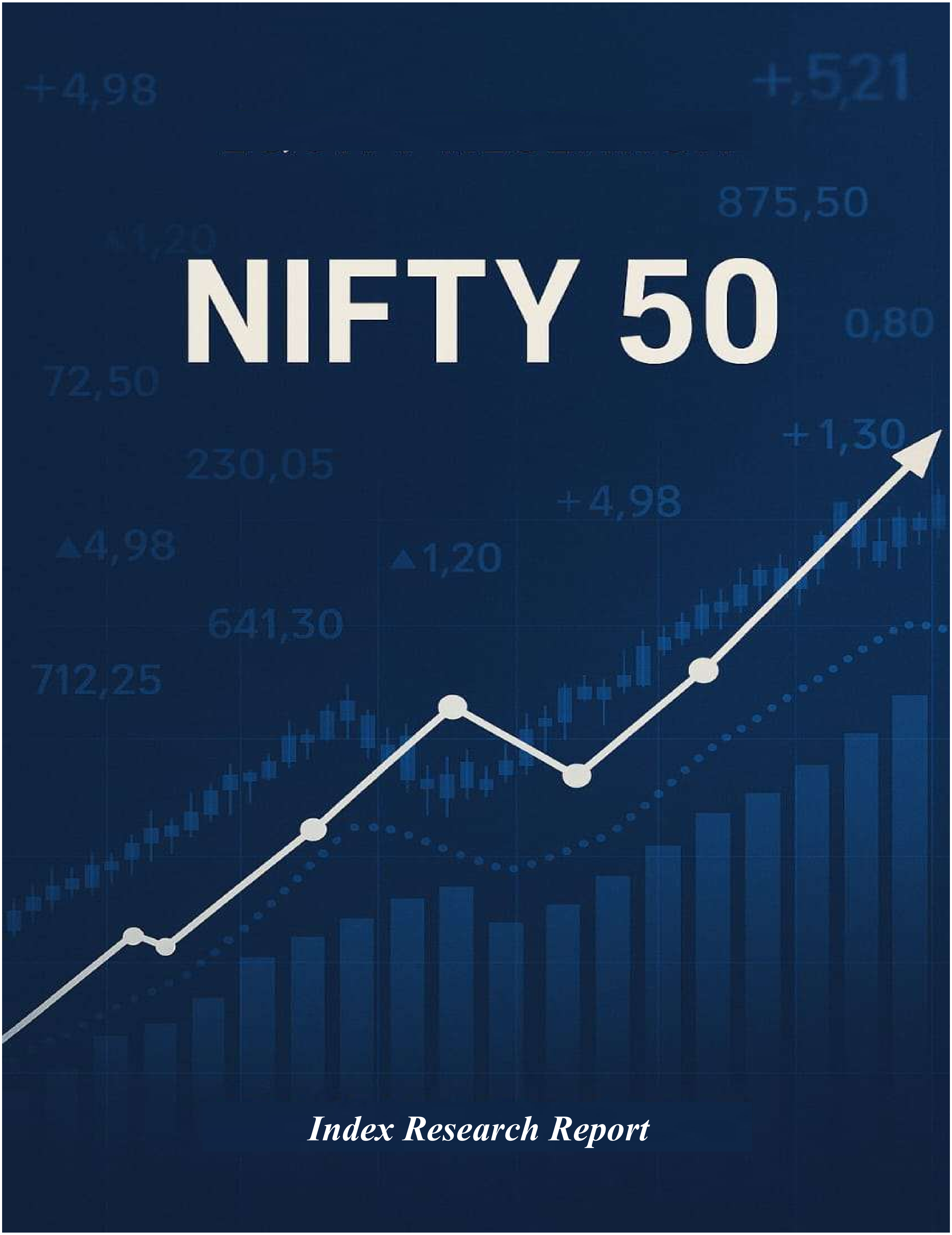
NIFTY 50



Index Research Report

Source : Company

14-05-2025

Nifty50

FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Index Outlook : Buy Nifty-50

CMP : 24625 | Target : ₹ 26600 | Target : ₹ 28200 | Potential Upside Upto: 15.00% | Index Research Report

Index Sector	Weight (%)		
	Apr-24	Apr-25	% Change
Financial Services	33.53	37.74	13%
Information Technology	13.04	11.11	-15%
Oil, Gas & Consumable Fuels	12.87	10.31	-20%
Automobile and Auto Comp	7.57	7	-8%
Fast Moving Consumer Goods	8.15	6.96	-15%
Telecommunication	3.25	4.54	40%
Healthcare	4.44	3.88	-13%
Construction	4.52	3.56	-21%
Metals & Mining	3.79	3.31	-13%
Power	2.9	2.79	-4%
Consumer Durables	2.92	2.26	-23%
Construction Materials	2	2.18	9%
Services	1	0.82	-18%

Source: NSE

Nifty 50 Historical Data

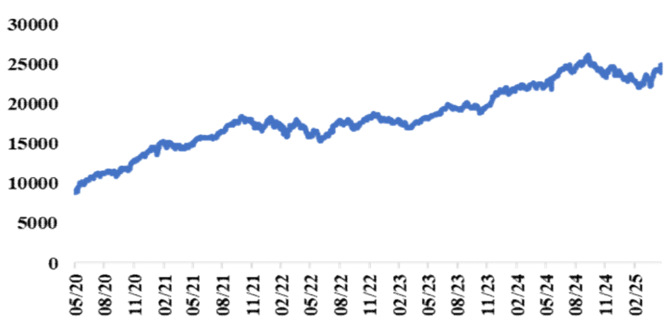


Figure 151: Nifty 50 NTM P/E (Last three-year trend)

Source: LSEG Worksoace_ KSE EPR

Key Highlights:

Our sector allocation strategy has undergone key changes between April 2024 and April 2025, reflecting shifts in macroeconomic conditions, policy developments, and sectoral outlooks.

Financial Services : The weight of the Financial Services sector has increased from **33.53% to 37.74%**, marking a **13% rise**. Since the Reserve Bank of India (RBI) implemented a rate cut along with other monetary easing measures, the sector is expected to witness a re-rating. Banking and financial companies are currently undervalued, and we anticipate a rebound in performance, making this sector a core overweight in our portfolio.

Telecommunication : The weight in the Telecommunication sector rose from **3.25% to 4.54%**, a **40% increase**. We see strong future potential driven by the growing demand for AI infrastructure, data centers, and internet usage. As digital transformation accelerates across industries, this sector stands to benefit significantly.

Oil, Gas & Consumable Fuels : Although the weight decreased from **12.87% to 10.31%**, we have recently revised our outlook on this sector. We expect it to outperform in the coming period due to a potential revival in the Chinese economy following the US-China trade agreement. Rising global demand could also support prices and profitability in this space.

Automobile and Auto Components : The allocation to this sector saw a marginal decline from **7.57% to 7%**, reflecting an **8% decrease**. However, we have increased our strategic weight based on the sector's long-term potential. We believe it is poised for strong performance due to ongoing technological advancements, changing consumer preferences, and rising GDP per capita, which should boost demand.

Power : The Power sector's weight fell slightly from **2.9% to 2.79%**, a **4% decline**. Despite this, we see strong growth prospects due to rising electricity consumption across residential, commercial, and industrial segments. This sector is likely to outperform in the medium term.

Construction : While the sector's weight declined from **4.52% to 3.56% (-21%)**, we expect it to outperform going forward. Increased government expenditure on infrastructure development, including roads, housing, and smart cities, provides a strong tailwind for construction companies.

(FMCG) : The FMCG sector saw a decrease in weight from **8.15% to 6.96%**, reflecting a **15% drop**. The underperformance is attributed to muted rural and urban demand. Until consumer sentiment and spending patterns improve, the sector may continue to face challenges.

Construction Materials was one of the few sectors to see a positive change (+9%), supported by continued demand in real estate and infrastructure projects.

Information Technology Weight reduced from **13.04% to 11.11%** (**-15%**) due to near-term concerns such as global tech headwinds and margin pressures. However, we have increased our weight in this sector, as we believe the long-term fundamentals remain strong, driven by digital transformation, cloud adoption, and AI integration.

Healthcare, Metals & Mining, and Consumer Durables These sectors witnessed reductions in weight due to sector-specific challenges and valuation concerns. Despite the current headwinds, we have increased our exposure in these sectors, anticipating recovery supported by structural demand and innovation.

Construction Materials Weight increased modestly from **2% to 2.18%** (**+9%**), supported by sustained demand from real estate and infrastructure. Despite this increase, we have adopted an underweight stance, considering limited near-term upside potential and higher input cost risks.

Valuation Of Nifty - 50

S.No	Nifty EPS	CAGR	Target-1
2025	1100	3 Year CAGR	26600.00
2024	975	13.12%	Potential Upside
2023	850	5 Year CAGR	8.23%
2022	760	20.90%	Target-2
2021	442	Expected EPS	28200
2020	425.9	1330	14.48%

Nifty EPS has grown at **over 20% CAGR in the last 5 years**, demonstrating strong corporate earnings resilience and a robust recovery across sectors.

India's economy continues to outperform peers, with rising GDP per capita, strong credit growth, rising manufacturing capex, and stable inflation.

With projected FY25 Nifty EPS of **1,330**, we assign a **target P/E of 20x**, which yields a Nifty target of : **₹ 26600 & ₹ 28,200**.

- **Nippon India ETF Nifty 50 BeES (NIFTYBEES) offers an efficient, liquid, and low-cost proxy to the Nifty 50 Index, making it the simplest way for retail investors to gain direct exposure to India's benchmark large-cap index. At a current market price (CMP) of ₹276, we recommend a "Buy" with a first target of ₹298 (≈8% upside) and a second target of ₹315.50 (≈14% upside).**

RATING SCALE: DEFINITION OF RATINGS

- BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- SELL – We expect the stock to deliver negative returns over the next 9 months.
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- NOTE – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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