***The present study focuses on the relationship between exchange rate and sectoral indices listed in Bombay Stock Exchange(BSE) over the period 1.4.2015-31.3.2018. To analyse the sectoral relationship with exchange rate and vice versa, the ADF test, Johansen cointergartion, Granger Causality test and Correlation is applied for the study. The study found that exchange-rate changes have negative effects on some sectors but positive effects on others. Import intensive sectors like Bank, Auto, FMCG, Metal, infrastructure, IT, Oil& gas, realty and TECK responded negatively to the weakening rupee. Further, the study suggests individual and institutional investors to diversify their portfolio and can enjoy with handsome return from the market.***