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The Rupee's slide:

Why "Export Winners" deserve a closer look rather than a broad sectoral brush

Siddhi Gujar
Associate Director, Global Research
Multi Act

The Indian Rupee has depreciated close to 7% against the US Dollar year-to-date, a move triggered less by domestic fundamentals and more by a chain of global shocks. The prolonged West Asia conflict since late February 2026 has pushed crude oil prices higher, straining India's import bill not only for energy but also for gold, electronics, and other critical resources.

Currency movements, however, are not an investment theme in themselves. They are a transmission mechanism through which global events influence corporate earnings, with the extent of that influence varying sharply across businesses. The objective here is not to predict where the rupee goes next, or recommend sectors but to examine which business models are naturally more sensitive to currency movements and why.

The pressure has been compounded by two additional forces:

- Sustained capital outflows as foreign institutional investors rotate toward better-performing emerging markets such as Korea, Taiwan, and Brazil.
- A broadly stronger US Dollar as elevated US interest rates and global uncertainty continue to pull capital toward safer assets.

The Rupee's slide is not unique. Several Asian and emerging market currencies have weakened in the aftermath of the conflict. Whether the current move proves temporary or more prolonged, the idea is to provide a lens to understand how currency movements affect companies differently.

At a broad level, the direction of impact appears intuitive. Export-oriented businesses generally stand to benefit from a weaker domestic currency, while import-dependent businesses face higher input costs. Yet even within these broad categories, the magnitude of impact varies considerably depending on revenue composition, import dependence and foreign-currency obligations.

The obvious takeaway is incomplete

The standard playbook is well-written and well-known: a weaker Rupee is good news for exporters and bad news for importers. Pharmaceuticals, IT services, textiles, chemicals, and auto ancillaries are widely viewed as beneficiaries while oil marketing companies, airlines, tyre makers, steel, fertilisers, and paints usually bear the brunt. Portfolios get tilted accordingly.

This is where the analysis usually stops. However, it is always important to read beyond the headline.

The reality is that currency depreciation doesn't benefit a sector; it benefits a revenue structure. Two companies within the same industry can have meaningfully different currency exposure depending on their revenue mix, cost structure and balance sheet. Import dependence, foreign-currency operating costs and external borrowings all determine how much of the headline currency move ultimately reaches earnings.

The right lens isn't "is this an export sector," it's "what percentage of this specific company's revenue is dollar-denominated, and how much of its cost base and liabilities offset that gain?"

Run that lens across the export-oriented universe and a clear hierarchy of benefit emerges. The ranking isn't determined by export intensity alone. It reflects the balance between foreign-currency revenues and the costs that move alongside them, including imported inputs, overseas operating expenses and, to some extent, existing currency hedges.

- Pharmaceutical suppliers and drugmakers sit at the higher end - large export/FX revenue bases with comparatively low FX cost outgo, and hedging already in place to smooth normal currency swings.
- IT services sit in a medium-to-higher band: export revenues run a strong 70-80%, but a substantial 30-50% of the cost base is itself foreign-currency linked, largely through onsite employee costs abroad.
- Textiles land in the middle, given material import exposure alongside export strength.
- Speciality and diversified chemicals, despite solid export exposure of 40-50%, often see that benefit largely neutralised by heavy import dependence on petrochemical feedstock, especially when input prices are themselves elevated.
- Automobile Original Equipment Manufacturers (OEMs) land in the same medium band, exporting well but carrying some import costs for components, machinery, and royalties.

Beyond the headline

The company-level detail is where the actual story is told. This analysis isolates currency sensitivity as a single variable. Company valuations and stock performance may simultaneously be influenced by several unrelated factors specific to their industries.

Take Infosys, for example. Roughly a quarter of its employee base is onsite, but that onsite base drives close to 45% of total employee-expense FX outgo. A currency tailwind on export billing is running directly into a currency headwind on the largest line item in the cost structure. The net benefit to IT services as a "sector" is real, but it is materially smaller and more company-specific than the sub-sector label suggests. Further, this is likely to vary meaningfully between a company with a heavier onsite model and one that has shifted more delivery offshore.

Exhibit : INR Depreciation – sector beneficiaries

		FY 2025	
	Sectors & Companies	Export Revenue (% of Total)	FC Exp. (% of Revenue)
Pharma Drug Makers	Aurobindo Pharma Ltd	88.60%	6.30%
	Biocon Limited	93.60%	5.20%
	Zydus Lifesciences Limited	60.00%	NMF
	Cipla Limited	57.80%	13.70%
	Dr. Reddy's Laboratories Ltd.	82.80%	23.00%
	Lupin Limited	62.50%	11.30%
	Sun Pharmaceutical Industries Ltd.	66.60%	14.10%
	Torrent Pharmaceuticals Ltd	44.50%	6.50%
	Ajanta Pharma Ltd.	68.00%	10.30%
Pharma Suppliers	Divis Laboratories Limited	88.20%	20.00%
	IPCA Laboratories Limited	42.30%	10.60%
	Syngene International Ltd.	96.20%	18.00%
	Cohance Lifesciences Ltd.	90.60%	33.60%
	Laurus Laboratories Ltd.	66.00%	25.00%
Materials (Textile & Others)	Arvind Ltd.	40.00%	6.80%
	Vardhman Textiles	43.00%	21.10%
	Trident Ltd.	57.00%	5.30%
	Garware Technical Fibres	60.70%	8.70%
	Gokaldas Exports	88.10%	15.40%
Auto-motive	OEM: Bajaj Auto Limited	33.70%	5.00%
	Ancillary: Balkrishna Ind.	70.80%	36.90%
IT Consulting & Services	HCL Technologies Limited	96.90%	20.50%
	Infosys Limited	96.90%	54.60%
	Intellect Design Arena Ltd	66.00%	3.50%
	L&T Technology Services Ltd.	77.10%	45.50%
	LTIMindtree	95.00%	40.40%
	Newgen Software Technologies Ltd	66.00%	13.60%
	Persistent Systems Limited	91.00%	15.20%
	Tata Consultancy Services Limited	91.40%	32.20%
	Tata Elxsi Limited	78.30%	23.30%
	Coforge Ltd	81.00%	30.30%

Large Indian IT services companies incur significant foreign-currency expenditure, particularly through onsite employee costs.

The same discipline needs to apply on the impacted side. Oil marketing companies and select steel producers carry meaningful external debt in foreign currency. Oil marketing companies face multiple layers of currency exposure. Imported crude becomes more expensive as the rupee weakens, while retail fuel prices do not always adjust immediately to absorb the higher input costs. For several companies, meaningful external debt in foreign currency adds another layer of balance-sheet pressure through translation losses whenever the rupee depreciates.

A sector-level "high impact" tag doesn't distinguish between a company with modest foreign borrowings and one where External Commercial Borrowing (ECBs) comprise 40-50% of total debt. This distinction can determine how much of the currency move actually reaches the P&L and balance sheet.

The same principle applies across the broader import-heavy universe. Airlines, fertiliser companies, paint manufacturers and tyre makers all face currency headwinds, but the extent of that impact depends on factors such as export offsets, hedging practices, raw-material dependence and foreign-currency liabilities rather than the sector label alone.

Exhibit : INR depreciation – adversely impacted sectors

Company	Export Revenue (% of Total)	FC Exp. (% of Revenue)
Consumer Discretionary (Home Improvement - Paints)		
Akzo Nobel India Limited	5.60%	22.00%
Asian Paints Limited	0.70%	14.50%
Berger Paints India Limited	0.00%	11.40%
Kansai Nerolac Paints Limited	0.10%	14.40%
Passenger Transport (Airlines)		
Interglobe Aviation Limited	17.20%	35.50%
Materials (Agri Inputs - Fertilizers)		
Coromandel International Ltd	5.70%	57.10%
Chambal Fertilisers & Chemicals Ltd	0.80%	16.40%
Gujarat State Fertilizers & Chemicals	1.40%	28.90%
Rashtriya Chemicals & Fertilizers Ltd	0.90%	33.90%

Company	Export Revenue (% of Total)	FC Exp. (% of Revenue)	Loans in FC % of Total Loans
Energy (OMCs)			
Bharat Petroleum Corporation Ltd. (BPCL)	2.80%	43.50%	43.50%
Hindustan Petroleum Corporation Ltd. (HPCL)	2.60%	28.90%	41.50%
Indian Oil Corporation Limited (IOCL)	4.20%	50.70%	46.80%
Sector: Materials (Steel)			
JSW Steel Limited	4.40%	23.00%	23.20%
Tata Steel Limited (Only Standalone)	3.30%	17.60%	12.80%

The practical implication

For portfolios positioning around currency depreciation, the lens needs to shift beyond sector rotation. Three measures deserve attention for every company under consideration: export revenue as a percentage of total revenue, foreign-currency costs arising from imports or overseas operations, and any meaningful foreign-currency debt. The interaction between these three factors, rather than the sector label itself, determines whether currency depreciation ultimately becomes a tailwind, a headwind or a largely neutral event.

Currency movements are macro events. Their impact on earnings, however, is company-specific. Treating all companies within a sector as equal beneficiaries or losers can result in widely different outcomes - some validating the thesis, others contradicting it. The answer does not lie in having greater conviction in the sector call, but in a deeper understanding of the revenue mix, cost structure and balance sheet of the businesses actually held.