Phase 3 Investment Report: 2031–2033

In January 2031, the Indian government implemented a 30% tariff on electronics and components imported from China under its Tech Sovereignty policy.   
This strategic move aimed to reduce foreign dependence and strengthen India's domestic supply chain capabilities in critical sectors.

# Sectoral Impact

The 30% tariff created immediate disruptions across multiple industries:  
• Consumer Electronics: Reliance on imported components caused margin pressures.  
• Telecom Equipment: Companies depending on Chinese gear were forced to source locally.  
• Semiconductors & Embedded Systems: Required major supply chain restructuring.  
• EV Components: Cost of imported drivetrains and batteries increased significantly.

# Portfolio Strategy

To respond to these changes and capture the upside from India's growing tech self-sufficiency, the following actions are recommended:

1. 1. Exit Vulnerable Stocks:

Although companies like Blue Star, Voltas, Havells, V-Guard, and Optiemus Infracom are vulnerable due to import dependence,   
these are not currently held in the portfolio, so no exits are required.

1. 2. Reallocate Capital to Beneficiaries:

Allocate 60% to Indian electronics & telecom manufacturers:

• Dixon Technologies  
• Tejas Networks  
• Syrma SGS  
• HFCL  
• Tata Elxsi  
• Vedanta Ltd  
• Bharat Forge

Retain 40% in stable large-cap holdings.

# Company Analysis & Risk Factors

* Dixon Technologies: Leading EMS company; benefits from import substitution. Risk: Margin sensitivity to input costs.
* Tejas Networks: Indian telecom gear maker; strategic in replacing Chinese imports. Risk: Competition from global OEMs.
* Syrma SGS: Specialized in electronics manufacturing and design. Risk: Execution in scaling operations.
* HFCL: Diversified telecom and defense tech; supported by Indian policy. Risk: Moderate revenue volatility.
* Tata Elxsi: High-end design and embedded systems player; strong link to semiconductors. Risk: Export exposure.
* Vedanta Ltd: Diversified metal and semiconductor play; JV in chip fabrication. Risk: Policy and environmental hurdles.
* Bharat Forge: EV and defense manufacturing focus; well-aligned with Make in India. Risk: Cyclical demand variation.

# Estimated Return Outlook (2031–2033)

Based on policy alignment and growth trends, estimated absolute returns for this thematic basket are:  
• Conservative: 25–35%  
• Base Case: 40–55%  
• Optimistic: 65–80%  
Returns are projected across a 3-year horizon, assuming full policy execution and improved supply chain efficiency.

# Supporting Documents

• Excel Summary: Indian\_Stocks\_Tech\_Sovereignty\_Impact.xlsx

• Reference Report: PM\_Report.pdf