TECHADYANT

SANKET

Monthly Strategic Intelligence on India's Industrial Systems

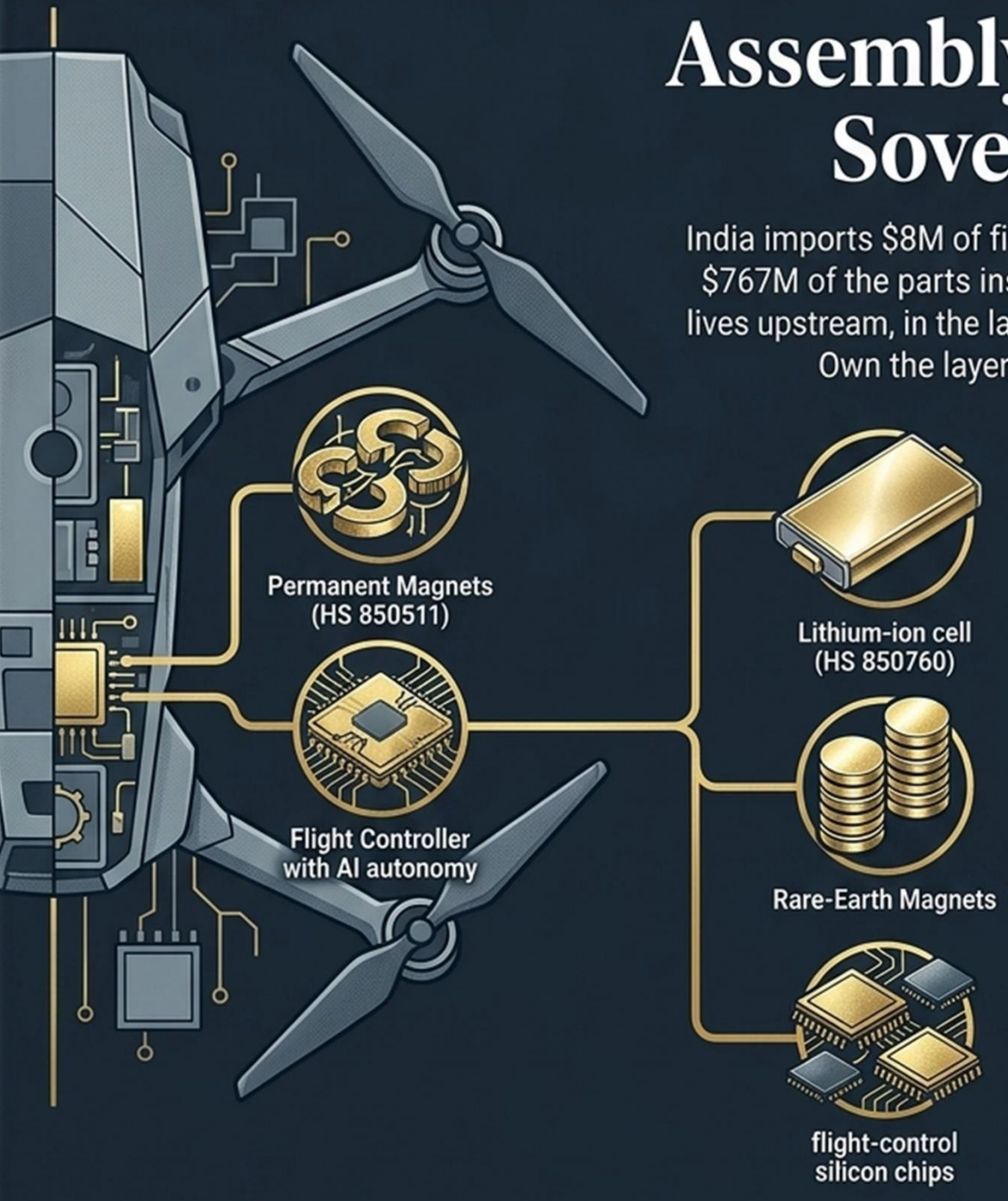
ISSUE 02 | JUNE 2026 | 9-MIN READ

HOSTING/ASSEMBLY

COVER STORY:

Assembly Is Not Sovereignty

India imports $8M of finished drones – and $767M of the parts inside them. The value lives upstream, in the layers it does not own. Own the layer, not the floor space.



IN THIS ISSUE

THE BOARD

TECHADYANT LABS

labs.techadyant.com

TECHADYANT LABS

SANKET

Monthly Strategic Intelligence on India's Industrial Systems

ISSUE 02 · JUNE 2026 · 9-MIN READ

COVER STORY

Assembly Is Not Sovereignty

Nine reports this month, one structural finding: India assembles — but the value lives upstream, in the layers it does not own. From the parts inside its drones to the software it runs on.

TECHADYANT LABS

SANKET

Monthly Strategic Intelligence on India's Industrial Systems

ISSUE 02 - JUNE 2026 - ISSUE AT A GLANCE

THIS MONTH'S FINDING

Assembly Is Not Sovereignty

Across nine reports this month, one structural finding: India assembles, but the value lives upstream in the layers it doesn't own.

THE SANKET INDEX

33 / 100

BUILDING

India Industrial Sovereignty - June baseline

FORECAST - 2030 VALUE CAPTURE

Base 55%

Bull 25%

Bear 20%

THE BOARD

Five corridors, scored 0-100. June sets the baseline.

Defence & Dual-Use	**38**	UP	Sovereign demand, importe
Enterprise Software	**40**	FLAT	Deep services, foreign ERP b
Semiconductors	**34**	UP	ATMP momentum, no leading
AI Infrastructure	**30**	UP	Build-out fast, silicon importe
Critical Minerals	**22**	FLAT	~100% magnet import, sche

THE BOTTOM LINE

- Drones: India imports 8*Moffinishedaircraft – and*767M of the parts inside them.
- The opportunity is upstream: components, cells, magnets, flight-control silicon.
- Nine June reports, one lens: own the layer, not the floor space.

labs.techadyant.com - labs@techadyant.com

THE EXECUTIVE BOARD

Five Corridors, Scored

India's industrial sovereignty, read corridor by corridor on the Dependency Capture Framework™. Each reading is how much of the value India **captures** — not how much it hosts. June sets the baseline; from Issue 03 each reading carries its month-over-month move.

CORRIDOR	READING	TREND	BASIS
Enterprise Software	40 /100	→ HOLD	Deep services and design — but India runs on foreign ERP it does not control.
Defence & Dual-Use	38 /100	↑ RISING	Strong integration and sovereign demand; motors, cells and controllers imported.
Semiconductors	34 /100	↑ RISING	ATMP and substrate momentum (ISM); no leading-edge fab, tools and materials imported.
AI Infrastructure	30 /100	↑ RISING	Data-centre build-out accelerating on silicon, HBM and accelerators it does not make.
Critical Minerals	22 /100	→ HOLD	Weakest layer: ~100% rare-earth magnet import; schemes announced, zero output yet.

THE SANKET INDEX

33 / 100

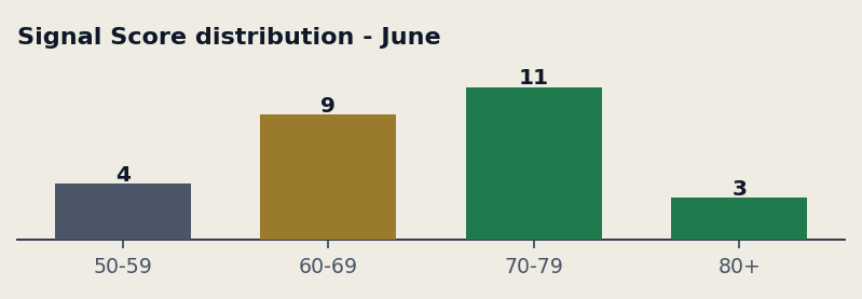
BUILDING

India Industrial Sovereignty — the composite of the Board. June baseline.

FORECAST SNAPSHOT · UPSTREAM CAPTURE BY 2030

Base 55% · Bull **25%** · Bear **20%**

India captures meaningful upstream share in at least one corridor, but stays input-dependent. Bull: it owns a chokepoint (magnets or packaging). Bear: another assembly-heavy, value-light decade.



THE TECHADYANT SIGNAL SCORE™

Every signal is scored 0–100 on four weighted dimensions — the same model, every issue, so the number means something over time.

Strategic Impact 40% · India Relevance 30% · Time Horizon 15% · Confidence 15%

THE BOTTOM LINE

- One finding ran through all nine of this month's reports: India **assembles** — the value lives offshore, in the components it imports.
- Drones make it literal: India imported **$8M of finished drones** last year — and **$767M of the parts** inside them, plus $4.7bn of cells.
- The same pattern runs through software (foreign ERP), AI infrastructure (imported silicon) and minerals (imported magnets).
- The opening is upstream and ownable — components, packaging, cells, magnets, flight-control silicon — where **~₹23 of every ₹100** currently leaks abroad.
- Policy finally aimed there in June — **ISM 2.0, the rare-earth magnet scheme, mineral corridors** — but output, not announcements, is the test.

THIS MONTH'S THESIS

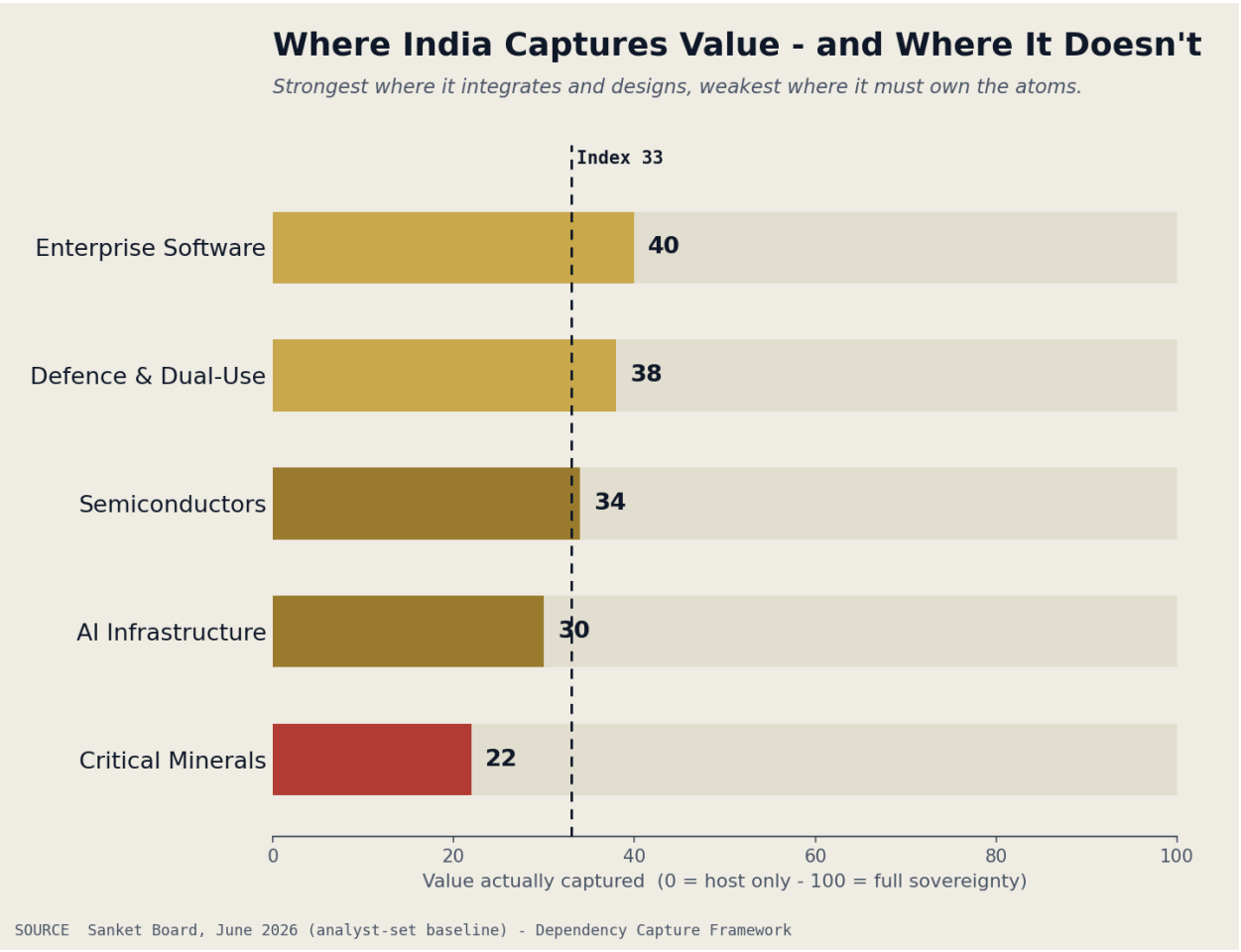
Assembly Is Not Sovereignty

For a decade India's industrial story was told in headline numbers — plants opened, PLI disbursed, assembly lines lit. This month, across nine Techadyant reports spanning drones, semiconductors, enterprise software and AI infrastructure, the same structural fact kept surfacing: hosting a value chain is not the same as capturing it.

Drones are the clearest proof. India has built a credible integration and operations layer — it assembles, flies and fields drones at scale. But the motors, cells, flight controllers and sensors are imported. Customs settles the argument: $8M of finished drones came in last year against $767M of parts. India buys the parts, not the planes.

The pattern repeats by corridor. In enterprise software the country runs on foreign ERP it does not control; in AI infrastructure it is racing to host data centres on silicon it does not make; in critical minerals it mines what it cannot yet refine. Each is a different layer of the same dependency.

The opening is upstream, and it is real. The value India fails to capture — components, processing, cells, magnets, design-to-silicon — is exactly where June's policy moved: ISM 2.0, the rare-earth magnet scheme, dedicated mineral corridors. The window is measured in quarters. The test is whether the value-add line moves — not whether more ribbons are cut.

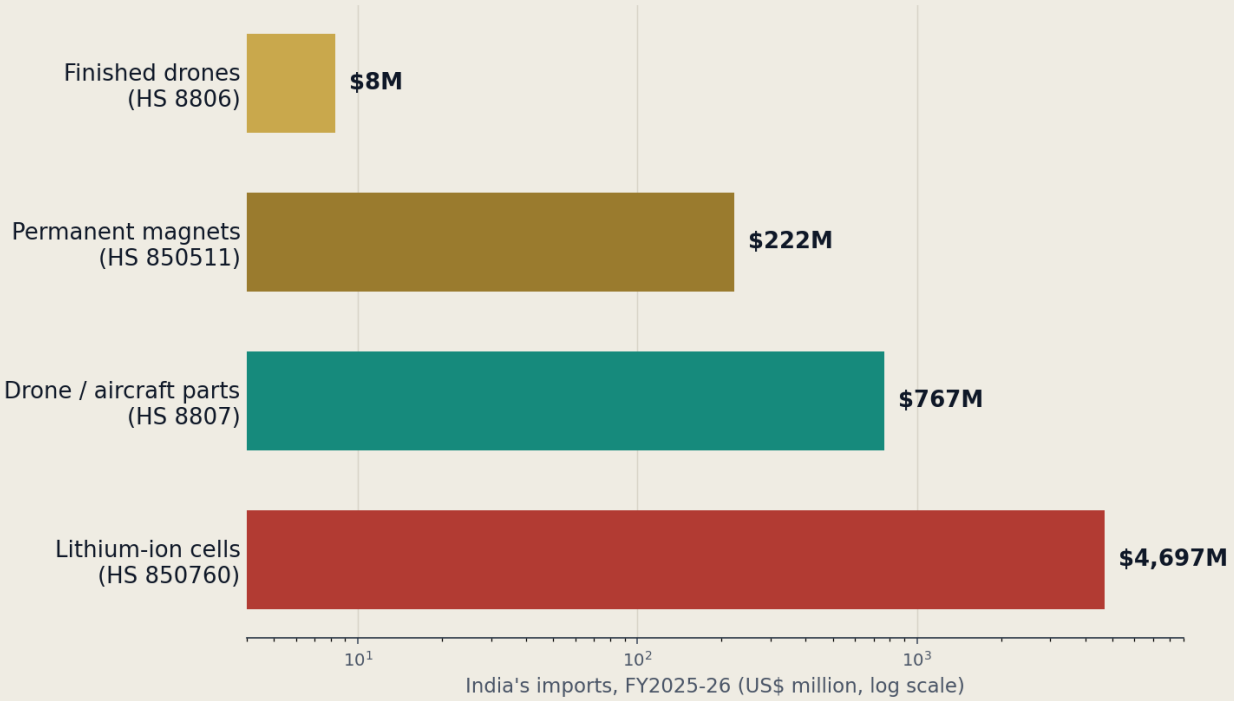


ONE CHART

Parts, Not Planes

Parts, Not Planes

India barely imports finished drones - and pours money into the parts inside them.



SOURCE DGCIS / Tradestat (EIDB), imports to FY2025-26 - Sanket analysis

THE TAKEAWAY **India imports almost no finished drones — and billions in the parts that go inside them. The trade data is the thesis: the value India is missing sits one layer up.**

THE LEDGER

What Actually Moved in June

The month's hard moves — capital, policy and capacity — tagged by corridor and sourced. The record you can file and check back against.

THE MOVE	CORRIDOR	SOURCE
ISM 2.0 funded in Budget 2026–27 ₹1,000 cr for FY26–27, weighted to ATMP/OSAT — the demand-and-packaging pivot, not another fab chase.	SEMICONDUCTORS	PIB · ISM
Two more chip projects cleared Cabinet approves Crystal Matrix (Dholera compound-semi + ATMP) and Suchi Semicon (Surat OSAT) — 12 facilities, ~₹1.64 lakh cr.	SEMICONDUCTORS	PIB
Dedicated Rare-Earth Corridors announced Odisha, Kerala, AP and TN — linking mining to processing and magnet output in one chain.	CRITICAL MINERALS	PIB · DD News
Magnet scheme moves toward output REPM scheme ₹7,280 cr / 6,000 MTPA; minister targets first domestic magnet production by end-2026.	CRITICAL MINERALS	Outlook Business
ONDC raises ₹220 cr Zoho, Uber, Paytm and BSE back India's open digital-commerce rails — a sovereign alternative to platform gatekeepers.	ENTERPRISE SW	Inc42 · ET
China tightens outbound controls Authorisation now required to export restricted goods, technology and data — sharpening every dependency that runs through China.	CROSS-CORRIDOR	ET Tech
Tech hiring keeps decoupling AI and US immigration shifts keep separating revenue growth from headcount — India's services model under structural pressure.	ENTERPRISE SW	ET Tech
Global AI capex still climbing Alphabet's ~$80bn build-out (Berkshire-funded) keeps the compute supply chain tight — and the import bill rising.	AI INFRA	Data Center Dynamics

Sources are listed as published; load-bearing policy figures trace to PIB / government primaries.

SIGNAL OF THE MONTH

78

/ 100

HIGH CONVICTION

India's Chip Startups Cross Into Production — on a Supply Chain They Don't Control

Indian semiconductor startups are moving from prototype to commercial production on government incentives — a genuine step up the stack. But the wafers, tools and packaging they depend on remain China- and Taiwan-controlled. It is the thesis in miniature: India can design and build, while the atoms underneath stay foreign.

The tell to watch: whether a domestic supplier base forms around these firms — or whether India's chip startups become design houses dependent on imported inputs and offshore capacity.

SOURCE Economic Times Tech · Signal engine, June 2026

THREE SIGNALS THAT MATTER

The Rest of the Board

75

/ 100

HIGH CONVICTION

India bets on magnets, not just mines.

The ₹7,280 cr rare-earth magnet scheme funds 6,000 MTPA of capacity, with first production targeted by end-2026. India is finally backing the processing chokepoint, not the ore. The risk: a capacity gap before any line produces.

SOURCE PIB · Outlook Business

74

/ 100

NOTABLE

Strategic capital backs sovereign rails.

ONDC raises ₹220 cr from Zoho, Uber, Paytm and BSE — strategic, not financial, investors backing an open-network alternative to platform gatekeepers. The signal: India is building digital-commerce infrastructure it can govern.

SOURCE Inc42 · Economic Times

75

/ 100

HIGH CONVICTION

Beijing sharpens the dependency.

China tightens outbound investment and tech-export rules, requiring authorisation to ship restricted goods, technology and data. Every Indian supply chain that routes through China — magnets, cells, controllers — just got riskier, and the case for upstream localisation stronger.

SOURCE Economic Times Tech

KEY JUDGEMENT · CONFIDENCE: MODERATE

We assess that India's binding constraint across all five corridors in 2026 is not demand or assembly capacity but upstream capture — components, processing and materials. June's policy moves (ISM 2.0, the magnet scheme, mineral corridors) are correctly aimed at that layer.

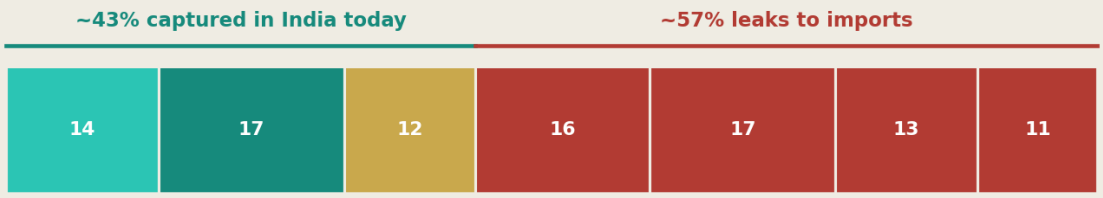
Principal risk: the familiar one — incentives pooling in assembly while the hard inputs stay imported. Confidence is capped by India's execution record on value-addition targets and by an 18–30 month lag before any new upstream capacity produces.

EMERGING ECOSYSTEM MAP

Where the Value Goes

Where the Value Goes in a Drone India 'Builds'

Of every INR 100 of a drone assembled in India, most leaves with the imported parts.



CAPTURED

Airframe, integration, software - the layers India already owns

LEAKED

Propulsion, cells, flight controllers, sensors - imported, mostly from China

Close the upstream gaps and India could capture ~66% - the ~INR 23 prize per INR 100

SOURCE Sanket modelled from 'Who Builds India's Drones?' (2026) - value-capture model

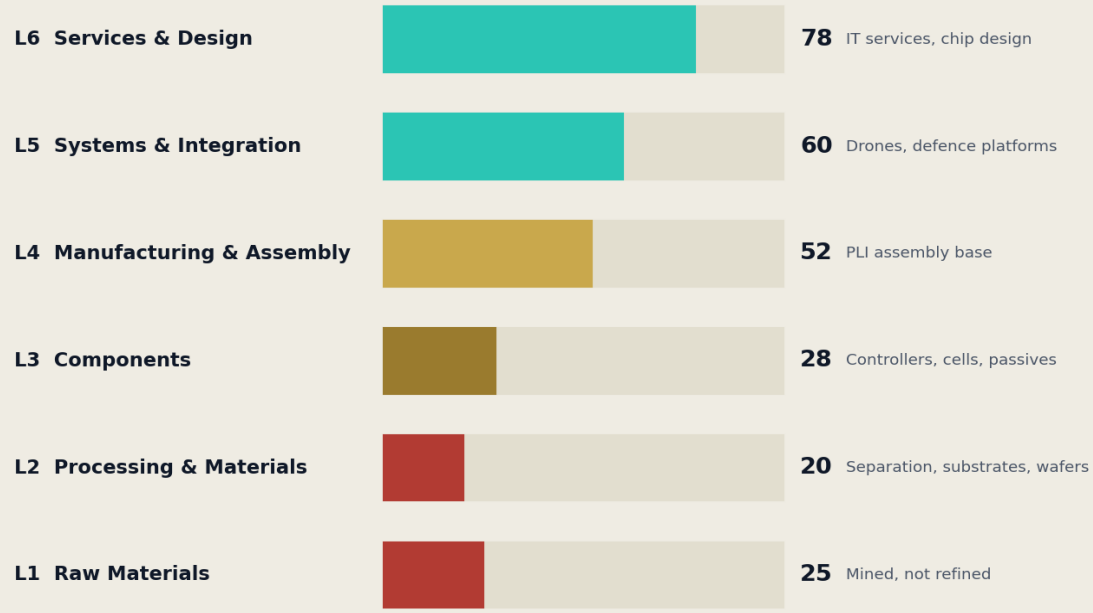
HOW TO READ IT **India captures ~43% of a drone's value today — airframe, integration, software. The other ~57% leaves with imported propulsion, cells, controllers and sensors. Close the upstream gaps and capture rises toward ~66%: a ~₹23-per-₹100 prize.**

THE TECHADYANT FRAMEWORK

The Dependency Capture Framework™

The Dependency Capture Framework

Hosting a value chain is not capturing it. India's hardware decade is decided upstream - in L1-L3.



SOURCE Sanket / Dependency Capture Framework, India capture score 0-100, June 2026

HOW TO READ IT **Hosting a value chain is not capturing it. India scores highest in services and design (L6) and lowest in processing and materials (L2). The hardware decade is decided in L1–L3 — the layers it still imports.**

"India doesn't lack factories.

It lacks the layer underneath them."

FROM THE LAB THIS MONTH

Nine Reports, One Lens

June's research, each in a line and a number. Together they are the evidence behind this month's thesis.

- **India's Unmanned Warfare Transformation** [PAID] The Indian Army's roadmap for unmanned and loitering-munition warfare to 2035 — and the value beneath the airframe. `~₹40,000 cr subsystem prize`
- **Who Builds India's Drones?** [PAID] The manufacturing ecosystem, dependencies and opportunity surfaces beyond assembly. `$767M of parts vs $8M of finished drones`
- **India's Drone Propulsion Opportunity** [PAID] Motors, ESCs and jet propulsion — the layer India can build first. `A ~$1bn market by 2036`
- **India's Drone Battery Ecosystem** [PAID] The cell-not-pack gap that leaves drone power import-bound. `~60GWh pack vs ~1GWh cell`
- **Who Controls India's Drones?** [PAID] Flight controllers, AI autonomy and the control-stack dependency. `~90% of small-drone controllers imported`
- **India Drone Sensors, Payloads & Imaging** [PAID] The sensing layer inside India's drones, sized and forecast to 2035. `The most import-bound layer of all`
- **The Opportunity Beyond the Fab** [PAID] Startup and MSME opportunities across the sovereignty economy. `100 opportunities, scored and ranked`
- **The SAP Question** [FREE] Who really controls the enterprise software India runs on. `India's ERP base is foreign-owned`
- **The End of the Application Era** [FREE] Who captures computing when the application disappears. `The next OS layer is up for grabs`

Own the layer, not the floor space. Full catalogue → labs.techadyant.com/reports

CONTRARIAN VIEW

"Make in India" Is Working — That's the Problem

Consensus reads record assembly and PLI disbursal as success. We'd be careful. Assembly that imports its hard inputs is activity, not capability: it books revenue while the margin and the dependency stay offshore — which is precisely what the drone trade data shows.

The metric that matters isn't units made or plants opened; it's **domestic value-add per unit** and whether India owns the chokepoints. Cheer the factories. Stay sceptical until the value-add line actually moves.

FORECAST · INDIA'S UPSTREAM VALUE CAPTURE BY 2030

Three Ways This Plays Out

55%

BASE CASE

India captures meaningful upstream share in packaging, cells or magnets, but stays dependent on imported tools and materials. Value up, ceiling visible.

25%

BULL CASE

The new schemes seed real supplier clusters; India crosses into chokepoint ownership in at least one corridor — magnets or advanced packaging.

20%

BEAR CASE

Incentives fund assembly again; capacity scales but value leaks — Make-in-India 1.0 repeated one layer up. Floor space, not chokepoints.

WHAT WE'RE WATCHING

On the Radar, Not Yet on the Board

- **Magnet output:** whether the first rare-earth magnet lines actually produce by end-2026 — the dependency that gates EVs, drones and defence.
- **ATMP supplier base:** whether substrate and materials firms form around the new OSAT plants, or they run import-fed.
- **Data-centre power:** India's AI build-out meeting the grid — a construction-moratorium signal already surfaced this month.
- **Sovereign rails:** whether ONDC turns strategic capital into real volume against entrenched platforms.
- **China controls:** each new outbound-export rule from Beijing widens the opening for India-made components.

UPCOMING RESEARCH

The Packaging Frontier

OSAT and advanced packaging — why assembly, test and packaging may matter more than fabs, and where India can build a defensible position. The deep-dive behind this month's framework.

ALSO IN THE PIPELINE

JUL India's Civil Aerospace Manufacturing
AUG India's Edge AI Economy
SEP The Quantum Computing Ecosystem
OCT Semiconductor Supply-Chain Missing Links

Sanket is read by the funds, OEMs and ministries building this. Commission bespoke research or a DPR → labs.techadyant.com/services

ABOUT TECHADYANT LABS

Techadyant Labs is India's independent strategic-intelligence platform for industrial systems — semiconductors, AI infrastructure, critical minerals, defence and enterprise technology. **Sanket** is its monthly intelligence brief, compiled from a live signal engine and the month's research. We map

dependencies, constraints and beneficiaries. No sponsored coverage; no positions in what we analyse.

Subscribe labs.techadyant.com · labs@techadyant.com