REFINITIV STREETEVENTS

EDITED TRANSCRIPT

SCHN.PA - Schneider Electric SE Investor Event - Day 2

EVENT DATE/TIME: DECEMBER 03, 2024 / 2:30AM GMT

REFINITIV

CORPORATE PARTICIPANTS

Amit Bhalla *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Manish Pant *Schneider Electric SE - Member of the Executive Committee, Executive Vice-President - International Operations*

Naresh Kumar *Lauritz Knudsen Electrical & Automation - Senior Vice President & Chief Operating Officer*

Deepak Sharma *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Mourad Tamoud *Schneider Electric SE - Executive Vice President - Global Supply Chain, Member of the Executive Committee*

Hilary Maxson *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Olivier Blum *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

CONFERENCE CALL PARTICIPANTS

Sanjeev Dasgupta *CapitaLand India Trust - Chief Executive Officer, Executive Director*

Viswanathan Rajendran *Capgemini - Vice President, Engineering Services & Global Sustainability*

Sameer Sinha *Triveni Engineering & Industries Ltd. - Chief Executive Officer, Sugar Business Group*

Venkateswarlu Tedla *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Andre Kukhnin *UBS - Analyst*

Martin Wilkie *Citi - Analyst*

Alex Virgo *BofA Global Research - Analyst*

Andy Wilson *JPMorgan - Analyst*

George Featherstone *Barclays - Analyst*

James Moore *Redburn Atlantic - Analyst*

Suraj Malu *Catamaran Ventures - Analyst*

Gael de-Bray *Deutsche Bank Equities - Analyst*

Will Mackie *Kepler Cheuvreux - Analyst*

PRESENTATION

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

(video playing)

It's all about the impact. Well, good morning, everyone, and I hope everyone had a restful evening. And hopefully, less jet lag now. So today, let me just talk about what we're going to do today. Today is all about India, the reason that we are here.

Great opportunity to get a deep dive into what the business actually is, the brands, the technology, the people, and that's what we're going to do. I'm going to come back a bit later to talk about more of the logistics as the day progresses. But I'm going to start with the very first session, and I want to introduce our next speaker, who is Manish Pant. Just a minute to share a little bit about Manish. We've known each other as well for a while now.

So Manish is on the Global Executive Committee of Schneider. He's like several of the leaders has been -- has had a long career in the company and across various, various elements. So he's also had stints in China as well as in different parts of East Asia as well.

Of course, started the career in India and was also the CEO of Luminous, which is one of our brands. And we'll talk about that. Incidentally, and what's, I think, very exciting is the fact that Manish actually, before his Schneider day started his career at L&T Switchgear.

So in some ways, it's a homecoming for him as well. So let me call on stage Manish Pant.

Manish Pant - *Schneider Electric SE - Member of the Executive Committee, Executive Vice-President - International Operations*

Good morning, and I must say welcome to India again. And I hope that you are having a good trip and enjoying the Hyderabadi hospitality. Well, let's continue from where Olivier left last evening and deep dive into India a little bit. Just to set the context, we have been here for six decades and building the story of Schneider Electric in India, both organically and inorganically. What is -- we have seen that India is at about 38,000 employees.

And just as the growth of India, we are increasing the number of employees in India, both to contribute to what we do in India, but also what we do outside of India and support the rest of the group. for us, India is a very important talent hub.

And it's a big inspiration for all of us in India that the path to the CEO of Schneider Electric now goes through India. And I would say that on top of that, we are investing in India. We have 31 manufacturing locations across different brands, serving the different, I would say, the markets, both in India and outside.

What I'm really proud of is that as Schneider is in this journey of digital transformation and sustainability, we have seven training centers here in India, which is very unique. And we have -- through those training centers, we have about 40,000 customers going every year.

And it's one thing about building the technology, but what's important is how we engage with the customers and take them on this journey of transformation, which is what we do very well through these training centers, which are here. Now all of this, the success of Schneider as we see here is in line with what we heard from the government yesterday. We are very much committed to the mission that we see in India, which is the digital India.

Yesterday, Mr. Kant talked about that, building the new India in terms of infrastructure. It is about Aatmanirbhar India, which is the self-reliant India, which is -- the government wants more and more things to be made in India, and we are clearly at the center of it. And of course, with our technologies, we are powering the energy transition. So all of that is very well positioned for Schneider Electric India and our contribution to the nation.

I would say that one of the unique things as an Indian that I see is the support of the government and the focus on the private sector, which is a very big driver. And again, we heard Mr. Kant talking about that. With this, I think at the same time, we are very much with the marquee projects that the government has been making and which is showing the progress of the nation both in India and on the world platform. We have been engaged in projects, both on land and also on the sea as well as in the space.

And all our different solutions are powering some of these projects, whether it's the launch pad of the Chandran, the rocket that went to the moon or it is about the temple or the famous exhibition hall where the G20 Summit was held. We're also very well positioned in the market across the four segments with all the, I would say, regional global and national players and some of them you would be hearing from just after this with Deepak. What has made Schneider Electric in India so successful?

Say that today, we are number three in the internal Schneider rankings, though India is the fifth economy in the world. The five markers that have made us very strong are around technology, which is what Schneider is famous for, and we bring that here in the Indian market and adapted to the Indian context very well.

What we did four years ago, which is the acquisition of L&T, and it has clearly put us in a very different orbit over the last four years in terms of our presence in India and what we bring to our customers all across, and we'll talk about that. A very unique market coverage. India is a big country.

There is -- the growth of India is all across. And with the unique presence that we have, we are able to get the maximum out of this growth of India, which is happening all over.

Our systems approach with prescriptions targeted at the end markets and then our journey on software, digital and sustainability, together with services, is the other marker that we have. And we'll dive into each one of them as we go forward. Talking about technologies, yesterday, Olivier mentioned that we have in India, the fourth hub that we created four years ago, which is delivering world-class technologies with the Indian flavor as we like to call it.

And how we deliver that is, first, starting with our 6,000 -- over 6,000 engineers in R&D in all spaces, whether it's electromechanical, it's software, it's about sustainability. We have them spread all over the country in Bangalore.

Here in Hyderabad, we have the biggest center for AVEVA in Pune and Mumbai across what we do for India as well as for the world. We continue to generate a lot of patents from this R&D, and you will have the opportunity to see some of the results of the work that has been done both in terms of adapting the products for India as well as what we are doing for -- specifically for the Indian market and that we can take outside.

So our innovation, which is all around safety, around sustainability, around reliability and digital, of course, to -- in order to make our customers more productive and make them more and more future-ready. So that's what we are doing. And we take the platform, as we shared yesterday with you and adapt on that what is required for the Indian market, for the Indian standards and for the Indian regulations.

I want to spend a bit more time here to talk about what we are doing specifically for the Indian market. Here, with this great R&D team that we have here, starting from power distribution, we have launched a BlokSeT lean, which is a very unique product because it is made for high-density applications and especially like data centers, reducing the footprint by almost 18% and therefore, saving a lot of carbon, but also making sure that the products are very competitive in the Indian market, which is, again, one of the things that we have to do to succeed in the country.

Wiser in our residential market, it is an home automation offer, which integrates energy management. And as per the Indian regulations, it is able to save 27% for our customers. Micro data center developed in India, a very compact product that could go into whether it's about retail applications, whether it's about small banking applications, hospitals, you name it, making sure that the digital India connectivity is available at every point for our customers and so on.

You will also see it's there in the marketplace. We have launched the first solar 33-kilovolt vacuum circuit breaker, which has a rating of close to 3,000 amps, which is the first in the world. And it's been developed in India. And of course, we want to see it go outside of India as well. So many more examples of that, which is what is making us unique and making sure that we bring our brand closer to our customers and tailoring that for the specific applications in the Indian context.

So with all of that, I think the second big marker that we have is around brand. And this is what we got when we acquired L&T Switchgear as part of our portfolio four years ago. I think the timing was just right when we made this acquisition because the growth story of India post COVID has been very spectacular. So we have been able to scale up. And both the brands have been scaling up at the same pace.

And what has it has done also is with this volume growth is the profitability has been improving across the brands. So what we did is we kept the two brands independent. We kept the L&T Switchgear brand independent. It's a very special structure. You will hear from the COO of L&T Switchgear, which is now rebranded as Lauritz Knudsen to keep it integrated and keep all the values that made it successful.

And of course, playing the market with two brands, and we will, of course, talk a lot more about that. So before I go in, so what we did was we had the brand for five years when we made the acquisition, and by 2025 August, we have to migrate, and we chose to move to Lauritz Knudsen as a brand in mid of 2023, giving us enough time to make that transition.

And we have been working very, very actively on the same. I want to bring how the two brands -- I'm sure it's a question around how do we see the two brands in the market? And more only, how do the customers see the two brands in the market?

And how do we play? So if you look at -- we've done the differentiation around different axes, one is if you look at customers, the business model of Schneider Electric, which is what you know very well, very universal around products, around systems, around software, going through both a transaction approach as well as a systems approach with -- where we go directly to the customers.

With LK, we are very -- we are highly transactionalized. We go through a network of partners. We are targeting customers who are on the agri market, which is a very, very strong franchise for Lauritz Knudsen, and also targeting a lot more of public enterprises, medium and small enterprises.

On Schneider, we are very much on the global players, on the customers that are looking for a full digital stack and across the different segments that you see here. The other differentiation is around geography, and that's very important. We'll be spending more time on that a little bit later. Schneider has been very strong in -- Schneider started, yes, 60 years ago, but it was in the last 15 to 20 years, that's where we have really been growing here in the country. We started with the metro cities like anywhere, like any other company.

And then we moved into the Tier 2 and the Tier 3 cities. LK, on the other hand, our L&T Switchgear, has been very strong on the rural, on the Tier 4, Tier 3, Tier 2 markets. I can give you an example. I started 30 years ago, and I was based in a very small town called Varanasi. And at that time, L&T had a distributor, and it was close to the mining and the terminal plants that powers India at that point of time, Schneider still does not have a distributor in Varanasi, okay?

And I think that brings out and we'll talk more about that, how the two brands work really in a very, very complementary way, and that is making us very, very unique in India. Now talking about brand transition. So 70 years ago, L&T, and by the way, L&T is -- was started by two Danish engineers. So there's a Danish heritage, which is there with L&T and they bought LK, which is Lauritz Knudsen at that point of time and created an LT-LK franchise, which, today, is a leader in the agriculture market in the country. 70 years later, early 2024, we migrated.

We have decided to keep that Danish heritage, and we chose Lauritz Knudsen as the name. What we wanted to keep is to keep the trust which is what the customers know it for in the brand that is carried forward. We created our brand values of listen, partner and innovate. So yes, we listen to the customers. We are their partners.

We are their trusted advisers. We innovate with simplicity and agility very much after we have listened to the customers. And I think that's the value that we have. And yes, it does seem that it's a change of name, but the key message is there is a continuity and what the customers are able to get from the brand. I can draw a parallel in India.

We have changed the name of a few cities. Madras became Chennai, Bombay became Mumbai, but the city there, ethos of the city does not change. And I think this is what we are -- this is what we are sharing with our customers that you get the same level of service, you get the same level of innovation and the service that you've got -- that you have been getting for the 70 years, for the next 70 and even more. Let's see in the next video, how we are bringing this out to our customers through this brand video.

(video playing)

That's what has really been appreciated by customers. Together with this, we are also running a very high decibel campaign, both above the line and below the line. There are two things that Indians love, Bollywood and Cricket, and we are right at the middle of it. We chose the most loved voice in the country to talk about how the name is said, and let's listen to that.

(video playing)

Yes, this is the Indian version of Who Wants To Be a Millionaire and very well watched in the country. So the nation is getting familiar with Lauritz Knudsen. At the same time, the team is working very hard to work on getting the prescriptions changed and the specifications. While we are doing that with the consultants in the cities, we are also -- rural market is one of the strengths, and we are also working with our customers, the farmers, and I want to share with you that they are loving the name, too.

(video playing)

So we continue to -- this gives us a great opportunity for us to keep that connection very strong and create some excitement in the market, which is what our teams are doing. We will continue this with more on cricket in the second -- first and second quarter of the year.

There's a big tournament. While we have not formally announced, but we are going to be associated with one of the leading cricket franchises as a sponsor of their friend Jersey in the cricket. And I think that we are quite excited about everything that we are doing, and that's very much palpable with our customers as well.

So I think to what we have done with this successful integration is clearly position the two brands in the market, make sure that we are keeping the choice to the customer and, I would say, saturating the market with both of these brands. And I will talk more about this as we go forward.

But before, I think it's good to have peak into L&T and the transition of the company itself. No one better than Naresh to come and talk to us about this. Naresh has been in the company for over 30 years. And that's where both of us worked together 30 years ago as graduate trainees. So over to you, Naresh.

Naresh Kumar - *Lauritz Knudsen Electrical & Automation - Senior Vice President & Chief Operating Officer*

Thank you, Manish. Hello, good morning. Yesterday, you heard a very high paced -- from Mr. Amitabh Kant. And then Larsen -- I can say, L&T Switchgear story is not very different. It is one of the very -- story organization in this country because this L&T Switchgear has been considered as a national company for development of every phases of this country.

So let me start with -- L&T Switchgear has been a very great company with the great people, great partners, very fascinated customers. Great history. And is one of the most reputed company for the customer centricity in this country. And this is still one of the best organization to attract the talent.

And also, it is one of the organization where every MNCs are trying to take the people out from there. And that is why I stayed in this organization for 26 years. And another four years when we transition into the Schneider, I found another great company, and that is why I carried on 30 years in the same business. Now come to -- as for the L&T Switchgear now it's called Lauritz Knudsen. We grew up.

70 years we started some by Mr. Larson and Toubro in collaboration with Ms. Lauritz Knudsen, both -- all three were the Danish engineers. And then 70 years back, we started very in a humble way, there is small motor pump starters. And from there, we grew up to a full portfolio of products which were suitable for Indian conditions.

Now let me go on, sorry. My slide is sending. You see India, if you look at India, 65% of the population lease in the rural or close to rural, like yesterday, Mr. Kant was talking about 500 million people will be moving into urbanization, but it's still 65% over there. And the second thing is in India is the 63 million MSMEs, which we call the backbone of manufacturing in this country.

Now if you look at the 63 million MSMEs and 65 million people, which we call consumption and using for the rural and close to rural reorganization, it contributes to about 50% of the GDP; And we contribute to the 50% of the GDP and there where the Lauritz Knudsen play a very, very big role into this country.

Now this business Has been -- now when we are working for this kind of a thing, and the second thing which we have built up the business over a period of time with all the things we have built up for this country for the customers over here.

And that is why we follow the philosophy of listen, partner and innovate because all the patents, all the designs, everything which have been built up, built up by us, built up by our customer, built up as partner. And with this philosophy of listen, partner, innovate, we built up the three things in this country. One is we became a very trusted company because everyone believed in us that whatever they say, whatever they bond, this organization will deliver.

The second thing we have been looked upon as a very collaborative company, open company, because we have a built up of the organization together with the collaboration. And third and very important part of the business is inclusiveness because everybody believes this organization

belongs to them, whether it is a farmer, you would have seen, they were shouting Lauritz Knudsen, Lauritz Knudsen or maybe other side of the customer who will seeing that if they require anything, this organization can deliver.

Look at that how we have been -- yesterday, Mr. Kant was talking about a structural changes, five structural changes in this country. But I can probably say we have been associated with every phase of the development of this country.

This has started in mid-60s when the agriculture evolution has happened. India was starving post independence. And then the first thing government wanted to have a grain security. At that time, the irrigation started in a little bit structural, still India irrigation is 40%. And there, we started with this farm irrigation system.

Later on, you see India was always having a shortage of the foreign exchange. They wanted industries to grow here. And that is where we started powering those industries. We are finding out the right solution for those industries, and we are seeing that how we can help the country, the industry further become a very independent. And the third and the fourth thing is that when the digitalization has happened, you know telecom companies, many of the digital centers where they were looking for the solutions.

Today, we are the one of the biggest supplier for the telecom, powering to the telecom. And finally, finally, when the government or the country saw the energy security, we are one of the pioneer in the renewable energy. I can proudly say some of our product, our use cases, are the best in this world.

These solutions are not available across the board for high voltage and high breaking capacity, which has been built up because again, very country-specific needs to see that how our customers can get the best solution in this country. Now some of the products you will see over here, but this is also a very, very different story when we build the product.

You know the very famous Christensen is saying that the people don't buy quarter inch drill, people buy quarter inch -- people who look for quarter inch hole. That is a very specific thing when we look at the product. And that is why -- that is where the India has developed. That is where we have developed. We started looking for a quarter-inch drill, which is a product.

But today, the customer is searching the hole. We said, okay, we will make a system which can give you quarter in hole, but now the next word has come. They are not saying how you're going to make quarter inch hole. I'm sorry, they are not saying that I want only quarter inch hole. They are saying, how you're going to make a quarter inch hole.

And there the world called sustainability. You make it low noise, you make it low dust, you see the right product, you'll get the right solution. And there, we are seeing -- and they say what is the size of the hole. They want to see everything on the data. So the whole market is shifting from what they need, how they need, how you're doing, what is the process we are using.

And we understand this very well, and he will show you in this one when you go to the marketplace. Another thing, India is also saying that 40% of India's irrigation is really structured, but that is going to transform. India, 18% population, 4% water. And 90% of the water, fresh water is using for irrigation. So only 10% of the fresh water is available to the country for drinking.

Now government is saying, this has to change. And this is where you will see many of the solutions we are bringing in for the customers. Again, I say 65% of my customers who are sitting in the rural market and I'm going -- we are going to give the best solution to see that how we are conserving the water and how this has been used and rightly for the productivity of this business.

These are some of the things I can say whenever the government of India looked after for any prestigious projects in this country. And I'm saying proudly, we have been partnered with them, whether it is the tallest statue of this country.

In Baroda, you know this is a great leader. And/or they wanted a frigate, a warship where they wanted to do power is by here with -- it is launched this year. And then when they wanted to have a best super specialty hospital in this country, some of you know All India Institute of Medical Sciences or any metros or any ports or kind of things, they always looked at us, and we have proudly delivered over here. This is a very emotional slide and

probably the last slide, Manish. Anyone, like me, worked for 26 years in this organization and the father of the organization is saying, I'm going to divest this business.

We are saying we are proud of the combination. We are doing everything good. We are doing so much for the people, and organization is seeing we have to divest. So it was a really emotional issue, a little bit fear, little bit anxiety, which is very natural to everyone if this is getting divested, but we started finding out the right home. And today, I'm very happy and proud of that we have selected, we have -- Schneider has been our home. We have been selected.

I think Schneider has also selected us, and were also selected because many of the multinational approached us they wanted to have because we have got a reach, we have got the right product. And we found Schneider as the best home because of similarity of the culture like customer centricity, partnership solution, what we talked about collaboration.

And the most important thing, which is required for any M&A activity is the people. And I can proudly say or I can vouch for that, that Schneider is the best organization for the people taking care of. Today, when we were getting into the organization, the thing is that we have been committed as one passport.

And today, we seemingly get it integrated into the Schneider organization as the one passport. So we are the same what the other -- my other colleagues in the Schneider. Third thing, which we found it very good in this whole integration is that the integration has happened in the COVID time. Though Mr. Manish had talked about much more over the business side, but look at the people side of the COVID.

One side, we were stressed, we were getting into the other organization. And other side, the COVID because nobody knows -- nobody knew that time and the disruptive time that how somebody should act at this time. And they are the moral support, the new way of working, how we had to get some kind of a technology to see that digitalization has come from Schneider Global to make that our customers, our partners, our people happy.

And finally, you know India, after COVID, India went up like anything, and there, their confidence in making capital investment, technology transfer, new way of working, digitalization, all those things happened. So we can say, like I can tell you, proudly say, our customers, our partners, our people are very, very happy for settling into the best home for this Lauritz Knudsen.

And finally. Finally, India, like Mr. Kant talked, he spoke yesterday about Viksit Bharat, and the trajectory is very clear to all of us. And we are very, very -- we are very sure of because in every phase, like I said last time, every phase we have been in synchronization with India's growth story. We are still beloved for every year when India is growing.

And when India is reaching to that Viksit Bharat what we talk about in 2047, I'm seeing every -- we have got a full confidence that we will also see that kind of tremendous growth in the future. To mitigate if -- because every economy moves up and down, to mitigate those ups and down, what we have, we have got open to 30 countries because of Schneider's global presence.

And what we are seeing that this is -- all countries are much more similar or essentially like India Emerging market because we are specialist of the emerging market. And what we are seeing in the global south, where we are -- we are opening up that market, will accelerate much quickly than the other market. So we have global south, which is a part of India, is also part of Global south.

So other than India, we will grow. And the second thing, India, itself, is going to be a Viksit, a developed country by 2047. So overall, if you look at the equation of the chemistry is very, very good for the Lauritz Knudsen. And thanks to the Schneider organization as well as (inaudible), Manish.

Manish Pant - *Schneider Electric SE - Member of the Executive Committee, Executive Vice-President - International Operations*

Thank you. Thank you, Naresh. Truly, it's been a really tremendous how and spectrum big inspiration, how we have been able to do it, and I really want to thank the whole management team under the leadership of Deepak for making that happen.

So let's continue our discussion and say how we are building the platform that is going to take us forward and ensure we are capturing this growth that India is going to see. I move to the next pillar, which is around our network.

And I think this is another element how we are saturating the market with the two brands that are truly differentiated and making us ready to get the maximum out of the inclusive growth that India is going to witness. For us, in India, transaction business is almost 65% of the total. As I said before, LK is predominantly transaction, and that's what really makes it this way. We have a very strong distribution network. We have our panel builders.

I would say, almost 90,000 point of sales carry between the two brands. 4,400 partners and a very strong coverage of around -- of over 500 cities, and we will look at that. I think what has been truly great and very successful for enabling Schneider and that is what has made us successful is a partnership that we have. Naresh talked about the value, which is very strong between both Schneider and Lauritz Knudsen, and we will see, we have some basis to show you, some testimonies to show you how that is taking forward. Also, this partnership that we have has moved from generations.

And I think this is what -- once you are present in a market, you build those customer intimacies and you take those customer intimacy across generations. And that's what we are very, very proud of. And I'll talk about that in a minute. If you look at the two brands and how we are making the geographical coverage, this is where we see Schneider, as I mentioned before, very strong in metro and Tier 1 and Tier 2 cities.

Let's hear from one of our partners who've been with us for several decades and what does he feel about this partnership from Mumbai, Novatech from Mumbai. Can we roll the video, please?

(video playing)

This is the Lauritz Knudsen brand coverage. And let's hear, we go a bit north into a Tier 4 town called Rudrapur in Uttaranchal, and let's see what Bharat Machinery has to share with us.

(video playing)

So yes, this is -- you've seen how with the two brands we are covering the full India. And if I move to the next slide, you'll see how the -- when you put the two dots together, you see that we get a full coverage of India and which is complementing further by the next tier of distribution partners that we have in the nation.

We have another brand which is also, I would say, it's a specialized brand in the country, targeted the homes on power storage, bringing resiliency in the power at a distributed level inside the homes; a brand which is also very, very successful. It's a consumer brand.

It has over 100,000 point of sales. Very specialized channel. It's a brand of choice, which has been built with strong association with cricket. Yes, in 2025, you'll see two of our sponsored cricket team playing against each other. I think it will be a game to watch.

And what we are seeing with Luminous is we are taking also this on a transformation journey going more and more towards solar or the prosumer business as we would like to call it. The Indian government has a very, very strong program of installing 10 million homes, solar in 10 million homes with a subsidy of INR75,000 crores, and this is right at the middle of it.

We are also talking about -- we are also moving on the technology side. In fact, we were the first ones to launch the lithium-ion inverter for the home. It was a little bit ahead of its time, and we continue to see how we are able to bring different chemistries and technologies to the market to complement that.

So with this, we are very, very strong on our transaction business, which is, of course, a large part of our business. And with the three brands, with its unique distribution network and the strong innovation that we have of our products, we are building a very solid platform for the future. Let's shift gears now and move towards the next business model, which is around systems.

And here, again, we -- as part of the Schneider strategy, we are covering the segments, and I'll talk about it and how we are doing that in the country. To support all of this, we have very, very strong engineering capabilities that are targeted to engineer, to execute the projects, leveraging the full suite of Schneider Technologies, both globally and adapting it to the execution of the projects in the Indian context.

I want to start by the grid. We -- as part of the energy transition in the nation, grid is going to be playing a very, very key role. India, as Mr. Kant, yesterday, is a unique country which has one grid in the nation. And as we talk about distributed generation, the stability of the grid, the ability to integrate all that distribution needs to happen.

And we, at Schneider, have those technologies to bring it to the market. 137 cities thereabouts are looking at moving to ADMS solutions. There is also a very strong smart metering program where the government wants to deploy 250 million smart meters.

With our two brands, we are very, very well positioned to take advantage of that. I want to call out here an example, testimony of Tata Power, which in the state of Odisha has been using our ADMS solution and automating the network to remotely manage the system and improve the reliability of the network and improving customer experience for them.

At the same time, also saving a lot of money in terms of bringing down the downtime with preventive and predictive systems. Infrastructure, we heard yesterday about the 80 airports. I mean, that are going to be built in the nation. And again, our solutions are there. We have -- we want to call out here the Noida airport, which is a second airport, which is coming up in Delhi.

And we are bringing our building management systems here and driving -- building management systems together with electrical SCADA for driving the operational efficiency across the various domains, whether it's baggage handling systems or passenger boarding systems.

And all of this was done by using ETAP solution for the electrical twin simulation as the airport was built. All this, in India, we talked about digital India. Since I talk about the airport, India is very unique. You have an app, which gives you an identity to enter digitally the airport and go straight to the boarding gate -- so of course, there is a lot of data that needs to be created that is generated, not just from here, but from others.

We are very well positioned with one in three data centers in India being powered from Schneider Electric Technologies. On the call out here, you will hear from CapitaLand in a bit, but also PDG, which is standardizing on Schneider Solutions for their first 48-megawatt DC data center solution using the EcoStruxure digital platform for managing the data center.

In India, we are truly privileged because the full value chain, all the way from power into the white space, everything is manufactured in India. Cooling, UPSs, the LVMV gear. And as India scales up on data centers, we will be here to ensure that our customers are getting their supply chain very well covered being local.

Buildings, again, one of the core segments for us in India. We are prescribing our tight tested panels for safety and reliability. Here, we have -- I can give several examples. Mahavir is a leading Bangalore-based real estate developer, which is using our digital solutions, especially the heat tag sensors to ensure that the safety of the buildings is ensured using these technologies. Moving to Industry. Here, a very core part of the infrastructure growth for the country as well as the industrialization that Mr. Pant talked about. Again, what we have done here is we got with the acquisition of L&T, control and automation business.

We combine that together with the industrial automation solutions of Schneider Electric to make a much stronger capability solution center to deliver these -- to deliver industrial automation solutions end-to-end. And together with our energy management, we are able to bring -- we give the example of cement industry where we are quite strong to power the infrastructure, you need cement.

And we are able to bring the full EcoStruxure Power plus process stack to the cement industry, but also others and to see how they are able to reduce their energy consumption, go on the path of sustainability, reducing the carbon per tonne of cement produced. So both on the side of systems, we are also well positioned to take the opportunity of what India is going to bring to us.

Moving to the next pillar of software services and sustainability. Yesterday, Olivier mentioned about EcoCare. We are very pleased with the response that we have got for this because customers truly see value in these digital services and to see how they can leapfrog from, I would say, an antiquated system into a much more modern system, which is giving a very strong continuity of operations as well as bringing a lot of energy efficiency in their installations.

In India, we have been powering 13 smart cities, and I would like to call out here Pimpri-Chinchwad in Pune, which is using -- also using the AVEVA Unified operating system, operating Command Center and have made the most of it by ensuring a better quality of life for the citizens of Pimpri, and this is exactly what we say that life is on with Schneider Electric.

Moving to sustainability. We have set up our franchise of sustainability solutions here in India and getting a good traction. India has committed to going on the path of net zero by 2070. And we see a big uptake of these solutions.

And while we give these solutions, there's a big pull-through that we have as well in terms of the solution because while we are able to strategize and digitize, we are also able to decarbonize those enterprises and take them faster on this sustainability journey. I'd like to call on Marriott, and we have been doing for them 136 hotels and including the one that we are here today in terms of getting them on the journey and have helped save them 39,500 tonnes of carbon dioxide and almost $4 million in savings.

So yes, what is good for the planet is good for the wallet, and that's what we are bringing to the customers here in India. So with this, I would like to conclude and say that you have seen the five elements that have making us very strong in India to capture this growth story, this journey of India, moving into a $7 trillion economy.

And while we do that, we also support the rest of the group and rest of the market from here in India. And I can tell you that with the Indian team, we have the inspiration and the ambition not to remain at number three position in the group. Thank you.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. Thanks. Thank you very much, Manish and Naresh. I think that's a good -- hopefully, for several of you, it's probably a good understanding of where we stand, and we'll conclude later in the day when you can actually touch and feel the two brands and the products and speak to some of the experts.

Having said that, I think at the same time yesterday, we've heard from policymakers, we've heard from group management, now from regional management. At the same time, I think we have to understand that we're nothing really without our customers. We're very happy and thankful that we have several of them joining us today, and I think you'll find the next session most insightful.

But before I do that, and I would like to introduce Deepak, who is actually the man who is running India, he is the Country President for India. So he's in the cockpit. Deepak, again, has had a long career in Schneider Electric and reflective of our people strategy as well.

So Deepak has been in France. He's been in the US. He came back to India, and he was instrumental in the integration process of the two brands as the transaction happened. And I think at the beginning of last year, took on the position to lead the country. So maybe I welcome Deepak on stage.

And Deepak, if you can introduce the customers.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Good morning, everyone. Good morning. I know the energy should be high. Well, Manish spoke about the three -- two Cs about the country, the cricket and the cinema. The third C is also very important in this country, the cuisine.

I'm sure you tried some Indian masala or curry last night. So you've been hearing us what we do in the country, how we built the company in the last 60 years, how we have positioned the multi brands in the country, and how we're serving the nation in the journey of Viksit Bharat.

Now what better way is to actually witness the same stories to our own customers, and we are privileged to have four of our very, very special customers from the market. And it's an honor to have. And again, thank you, gentlemen, for coming and doing this honor.

So I would first like to invite CEO of CapitaLand. Welcome, Sanjeev. And he's responsible for driving growth and managing operations in India for CapitaLand with 26 years of experience in real estate fund management and strategy development.

Welcome, Sanjeev, again, and he has traveled all the way from Singapore while he hits the country with all the multiple segments, but based out of Singapore. The other gentleman is Vis as we call him, Viswanathan.

He's the Vice President engineering services as Capgemini for the Global Sustainability, and over 31 years of experience in project management, visionary leader in sustainable engineering and has conceptualized the innovation sustainable operations with Capgemini, including the first net zero energy platinum-certified campus in the Bangalore. Welcome, Vis. Welcome.

I have another gentleman, Sameer Sinha. He's the CEO of sugar business of Triveni Engineering. Sameer heads the second largest sugar industry in the country, played a crucial role in driving sustainable growth within the company and alumni of IIT Kanpur, Indian Institute of Management, Ahmedabad; a pioneer in driving the biofuel and the ethanol story for the country and the member of the National Committee of Bioenergy with the country leads current biofuel at the CII and member of National Committee on Agri. Welcome again, Sameer.

And last but not the least, Mr. Venkateswarlu, Vice President of Evacuation and Transmission Division of GreenKo. He's been in the industry for almost three decades with a very extensive experience in HV systems and generation and has sent benchmarks in the renewable industry, very crucial role in playing the 24/7 carbon-free energy.

Thank you joining us, Mr. Venkateswarlu. Thank you, sir. Welcome.

QUESTIONS AND ANSWERS

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Don't put me too much in the corner, but I will be here. So again, we've been talking about India. Since yesterday, we heard Mr. Kant talking about our journey to the 5 trillion economy, 7 trillion economy. We heard about how the digitization is going to shape up.

We spoke about all of 1.4 billion of us having a unique ID card. We spoke about how the Internet users in these countries are probably at the highest usage in the world. And we are talking about doubling them in the next phase. We're talking about urbanization. We're talking about bringing more people to these beautiful cities, which are already super crowded.

That means we're going to build more cities. All that is great. But what we understand is, as for the government, the digitization plays an important role and what best way to start from data. And here, I go to you, Sanjeev, to understand while we're all very excited with the data. But how do you see this digital footprint is expanding with the Internet users to go double in the next five years? And what do you see the long-term vision of the data center industry in the country?

Sanjeev Dasgupta - *CapitaLand India Trust - Chief Executive Officer, Executive Director*

So yeah, I mean, I think India has got three important demand drivers for the data center industry. One is, of course, as you rightly pointed out, the mobile penetration. I mean, India is mobile first in terms of consumers' experience.

And it's interesting that Netflix, I think, has the second largest number of subscribers in India. They offer a mobile-only subscription service unique to the market and which has really accelerated their growth. And they talked about it in their recent results.

The second leg is the enterprise. We are seeing financial institutions, retail companies expanding their digital footprint significantly. I think we've had conversations with two of the largest private sector banks in India.

They own their apps, sanction personal loans to their customer within 10 seconds, which is -- and the expectation of the customer making a query and the response coming back is two milliseconds. In order to power all of that, what we're seeing is that many of these banks are taking on almost hyperscale-sized contracts for DCs today.

Then the third thing which is very interesting is the hyperscaler segment. So the hyperscaler segment, of course, it's -- it was, earlier, cloud infrastructure. The last one year has been about GenAI. And that has two elements to it. One is, of course, the need to provide GenAI solutions for the 1.4 billion people of India.

But the other thing is also as countries around the world are becoming extremely sensitive about the carbon footprint of data centers, data -- building new data centers in many other countries is becoming both expensive and challenging. So today, if you look at Singapore, they have put a moratorium on new DCs.

They have put very stringent conditions on renewable energy. So today, 1 kilowatt data center capacity in Singapore costs about $300, which is almost 2x of what it used to be six years back. If you look at Japan and Korea, that number is about $150, $160. And if you look at India, that number is just below $100.

So that, again, is another reason why the hyperscalers are looking to host not only India-centric data in India, but also data from other markets here. So I think, definitely, I think the tailwinds are fantastic for India. We are, as a company, investing in four projects, about USD1 billion, two of which will start next year.

We are looking to grow this business much faster. Worldwide, we've got 800 megawatts under development and operating assets across 27 countries. So it's a very high-conviction business for us.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you. And we're all excited to partner and, of course, support that growth. Vish, this is for you. I mean, you are in a technology transformation company. You do the engineering services. You have your own data centers. So data again plays an important role but with all the engineering services.

How does this sustainable story fit into that? And we would like to understand, how did we transform the growth journey of Capgemini on the efficiency and being more efficient while doing what you do, but building in the way the efficiency processes?

Viswanathan Rajendran - *Capgemini - Vice President, Engineering Services & Global Sustainability*

Yeah. Thanks, Deepak. Our vision is to make Business to Planet a reality. Business to Planet is a journey that goes beyond the business to business or business to consumer. So it gives value for both people and the planet without a compromise. So that's our vision.

So we started working with Science Based Targets initiative. That's -- we are one of the first few organizations to work with SBTi to accelerate our journey. We want to be net zero by 2040. We want to be carbon neutral by 2025 and use 100% renewable electricity for our operations by 2025. These are our ambitions.

And along with Schneider Electric, we have partnered with Schneider Electric and set up a unique energy command center in Bangalore. So this unique energy command center is a central node for monitoring, managing, controlling, optimizing 70 buildings across India offices.

All the 70 buildings across India offices are controlled and real-time optimized within this energy command center. And we want to take this beyond India, across 335 offices across Europe, North America, and rest of the APAC. So that's the ambition we had.

And today, when we set up this energy command center, it is in operation for 2.5 years now. And we see 29% reduction in our energy consumption. And we boost that we have a very efficient energy use index across all our owned campuses.

We have four net-zero-energy platinum offices across India, large offices. And all our owned offices are platinum certified by Green Building Council. And by 2023, we've transitioned to 100% renewable electricity for our operations. And globally, we are at 98% renewable electricity by end of 2024.

So thanks to energy command center and thanks to Schneider Electric partnership, we set up this unique energy command center and seeing the success. And many of our clients have asked, why don't we set up a similar command center for their own operations. That's when, beginning of this year, we have partnered with Schneider Electric to take this energy command center even for our clients.

So we have an ambition also to reduce our client carbon emission by 10 million tonnes by 2030. And I'm sure a joint partnership like this, setting up energy command center to optimize the energy consumption for our clients, will certainly help us to reduce 10 million tonnes of carbon dioxide emissions for our clients as well.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, what a story, and again, thank you for the trust and the partnership. I have to admit there was a learning curve involved for both sides and while we accomplished this. And the Scope 4 story, the one where we are solving the -- also the challenges of our partners and talking about how much we can save, I mean that's the next challenge we have taken. And we want to, of course, solve it.

So thank you, Vis, for that partnership and of course, the trust and the confidence. Looking forward for such more expansions.

Now we're talking about data. We're talking about sustainability. I'm coming to you, Sameer-ji. As a leader in sugar industry -- and sugar in the country has been a very strong background, both for industry, both for processing -- the farmers -- of sugarcane and of course, producing what we use.

Then beyond that, there has been a lot of energy transition which came, being an electro-intensive industry. According to you, what policies, what megatrends, has been driving the industry itself and the next phase of energy in the country?

Sameer Sinha - *Triveni Engineering & Industries Ltd. - Chief Executive Officer, Sugar Business Group*

Hello? Yeah. That's a very interesting question. Now, look, sugar is a very fragmented industry right now. And it is associated with, let's say, about 55 billion farmers who are working there, 530 sugar factories. And the important thing is it's absolutely green, absolutely renewable space.

And there are two or three very interesting things. First of all, I'll come, what is sugar providing you, the first thing it is doing. And that's the key to the sugar industry and has strengthened its financial position, also is the biofuel space. It's the key raw material for biofuels. That's number one. We must understand what are the key drivers for biofuel. The key drivers are energy security for the country. That's one.

Second is a much cleaner environment. The third point is doubling the farmers' income and employability in the rural areas. And fourth is reduction in the outgo of foreign exchange. And therefore, since a lot of phrases of the government have been dropped in the morning session, let me continue in the same vein and say, it ticks all the right boxes: Atmanirbhar Bharat, Make in India, doubling the farmers' income, and the Panchamrit or the five key elements, which were given by the Honorable Prime Minister at the Glasgow COP in 2021. I mean, it fulfills all of them.

Now where have we moved in that space going forward over here? We started in 2013, '14, at 1.5% ethanol blending. And let's say that ethanol blending is the key to biofuelling the future. I'm talking of biofuelling as distinct from EV separately. And today, we are at about 14%. And in '25, '26, we have clear visibility of E20, which was the government's target and which had been advanced from 2030.

So we'll be doing E20 five years in advance of the government targets. That's number one. And it's largely coming in from the sugar industry, which was the backbone, which provided all this. And of course, now maize has been taken up from an agriculture productivity increase perspective; so that has gone [up].

Now I'm also going to just read out -- and that's the reason for the paper -- it's on November 28. A question was asked about the benefits of the ethanol blending program in the parliament. And the Honorable Minister replied that the foreign exchange save was about INR1 lakh crore. The crude substituted was 185 lakh metric tonnes.

The farmer paid INR1 lakh crores, and the CO2 reduced by 557 lakh metric tonnes. This was on the floor of the parliament. Therefore, what we are saying is that the money which was going to buy the crude is now coming into the pockets of the farmers in rural India, empowering demand from rural India. So that's a very important statement.

Also, if you look at where are we even at 1,000 crore liters, which would be E20 -- Brazil is at about 3,000 crore liters, and US has about 5,300 crore liters in terms of ethanol. And I'm talking of 1G ethanol right now only. So therefore, the question arises that -- I'm a singular, passionate voice which is saying, what beyond E20 -- E20 is already there, and this is what I've been asking for. And I'm very happy to state that NITI has already now started a road map of what beyond E20. And this will be a key driver going forward.

You asked about what are the trends which would be coming out. I'm sorry if I'm taking a little more time, but I thought let me answer it in a little detail. And the first would be in terms of the agricultural productivity, where you'll see IoTs plus imaging plus AI plus ML with a lot of data to increase the productivity. And the productivity in sugarcane in the next five years, I feel, would go up by 10 tonnes per hectare from currently around 77 to 87.

Maize productivity is absolutely low at 3.4 metric tonnes per hectare versus a global average of about 6 to 7 metric tonnes per hectare, and US doing about 12 tonnes per hectare. And I'm not counting on GM seeds, et cetera. So there is huge advisory work on genetics, work on breeding, going forward to improve the seed quality. So that's the one trend.

And therefore, with all this, I think the 1G ethanol can work for; 25% more ethanol can come in. So we would be very close to 45%. And then there are industry trends, which will go to 2G. Probably, in a second round, I can talk about the 2G ethanols and the future biofuels, the next-gen biofuels as we call them.

And on the sugar factory side, they are characterized which, I believe, with a huge amount of potential for reduction in energy. Of course, we are green. We use -- it's a renewable energy. We use sugarcane, the bagasse which comes out of it. We don't use fossil fuel at any place in the world and in the system. And still then, there's a huge potential to reduce it.

And the government already has come out with a scheme, not only for sugar industry but for all the high-energy consumption industries called the PAT scheme, and which would lay down the targets which the companies would be forced to come down upon.

So that would be over there on the factory side. And on the co-products value chain side, again, you'll have the next-gen fuels coming in. So there are three buckets in which I've divided this.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you for the detailed clarification, Sameer-ji. So you were going to uplift the farmers' incomes. We're going to use the industry also for bringing the energy to the market. I know India is at 15%, 16% mix. We probably are looking at Brazil and see how can we bring it to 40%-ish plus.

But again, the fuel energy, talking about energy -- and who better than Greenko -- again, Mr. Venkateswarlu, thank you for coming. I mean, you are leading this transition. You personally have been driving this energy transformation projects for the last 30 years.

What are you doing at Greenko? How do you see this energy transition happening and the non-fossil energy, and of course, including the storage. I know Mr. Kant did speak about yesterday the storage part. How do you see that happening in the industry?

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Yeah. Before coming to the Greenko, earlier, I was with the APGENCO. We handled the thermal power station, thermal gas and hydro. In 2014, just when the government was -- the target about 175 gigawatt at that time. Now it is a very ambitious target of 500 gigawatt right now by 2030.

In order to achieve this 175 gigawatt, the APGENCO and SECI, Solar Energy Corporation of India, we started one JV company. And we started developing the gigawatt -- earlier, it is only in megawatt scale, 20 megawatts, 30 megawatts, 40 megawatts solar like that and wind also very nominal.

In 2014, we come out with the concept of developing gigawatt solar parks. We have developed -- in 2014 to 2019, we had developed four solar parks -- gigawatt solar park -- 4,000 megawatts in the span of just five years. I was heading the AP Solar Power Corporation as the electrical engineering head.

We acquired nearly 20,000-plus acres land, and then we developed 4,000 megawatt in Andhra Pradesh in solar. Before coming out this concept of solar parks, the cost of solar power is around INR13, INR7 like that. Our first solar park, 1,000-megawatt solar park in Kurnool Solar Park, by the time, the cost come down to INR4.50.

And then by second park, Anandpur Solar Park, 1,500 megawatt, by that time, it comes to INR3.50. And then it come -- finally, the last solar park, Kadapa Solar Park, 1,000 megawatt, it came down to INR2.40, INR2.80. So the transition of energy -- the solar -- now in 2019, I moved into this Greenko. They come out with a very good concept of IREP, integrated renewable energy power plant.

See, in solar, wind, they are intermediate in nature. So it comes only whenever the sun shines and whenever the wind is there. So it's very intermittent, and it's very difficult to maintain the grid sustainability. So the Greenko is committed to most reliable, cost-effective, environment-friendly energy ecosystem.

So they come out with this IREP. What is IREP? Here, in Kurnool Solar Park, we came out with the concept of IREP. We are developing 5.2 gigawatt in one location. Out of 5.2 gigawatt, 3,000-megawatt solar, 500-megawatt wind, 1,608-megawatt pumped storage plant.

See, the drawbacks in solar and wind is the intermittent nature, we don't get power around the clock and peak power. This generates power whenever there is a least demand in the grid. So a lot of solar -- now the government has taken a lot of initiative to come out to develop solar and wind, but there is a lot of curtailment because there is no need -- there is no demand when there is a solar and wind generation.

So the Greenko has mitigated this problem, and come out with a very good solution to the entire nation, set an example to the nation by developing the pumped storage plant in 1,680 -- 1.68 gigawatt. So what we had done, we created 2 reservoirs, upper reservoir and a lower reservoir, to store the energy, it is a better -- to provide the energy storage solution at large scale. So battery -- best is there -- battery storage in the system.

We can add in megawatts, something like. But here, we can store gigawatt, 1.68 gigawatt by storing, creating two reservoirs, upper reservoir, lower reservoir. Whenever there is -- energy is there in grid, at cheaper rate. We will take that energy, and we'll run this pumped storage plant in pumping mode. This pumped storage plant as -- the machine can able to run in both motoring and generating mode whenever there is energy is available in the grid.

So instead of curtailing that power -- because the solar and wind is the freely available and replenishable, right? So at the time, we are using that energy and the storage -- the energy in the form of potential energy in the upper reservoir. So whenever there is a grid is (inaudible) requiring in peak power, in peak demand, some morning and evening peaks, then, immediately, we will run as a generator mode.

So like that, we are mitigating the drawbacks of this solar and renewable energy. Now it has become a very sustainable, very cost-effective solution, very environment friendly. So another concept is, see, by creating in one location in Pannaipuram, in our Kurnool -- we have created all this 3,000-megawatt wind, solar, and everything in one location. So we are pooling this entire power into one central pooling switching station like at 400 kV level. We are pooling this power.

Whenever the -- as per schedule, giving the power to the grid, some -- out of 5,000 megawatts, we are giving to 1,250 megawatts (inaudible) megawatt around the clock power to the grid. Balanced power utilizing for pumping to store the energy (technical difficulty) see, this is a very good concept.

I think nobody in the world, I think -- this is the first of -- it's unique project, first of its kind in the world, (inaudible) gigawatt. And other thing, now the Greenko is committed to generate some 20-gigawatt. We have developed -- by 2027, our target is energy storage system by 20 gigawatt; so by 2030, 100 gigawatt hours.

We wanted to provide the energy storage solution, about 100 gigawatt hours by 2030. So the CEA estimating that now it's very much required to do energy storage. The second thing is, if you have too much integration of the renewable and energy into the grid -- the grid is static now. There is no grid inertia.

So these pumped storage machines -- pumped storage plant machines, hydro plants, is creating a lot of inertia to the grid. And not only that inertia, there is also -- because of this -- the pumped storage plant is run as a synchronous condenser. It gives a lot of react (inaudible) compensation, voltage control, frequence control. There's also -- there are a lot of -- numerous advantages.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Thank you. Yeah. So what you're talking about that India is becoming self-dependent, and Mr. Kant was talking about the non-fossil bill we pay. With the green energy coming, the solar, the wind, the storage, we are on the path to reduce that bill.

And you touched a lot about technology. So let's take the technology route, and I'll come back to you, Sanjeev-ji. Technology for data centers, first, how do you ensure they are sustainable? And second, with all the liquid cooling coming in, the processing coming through GPUs, how do you see the technology trend happening in the sector and then companies like Schneider Electric helping you?

Sanjeev Dasgupta - *CapitaLand India Trust - Chief Executive Officer, Executive Director*

Sure. So yeah, I must say I'm really very pleasantly surprised. And maybe I should not be, that we are seeing the same specifications and design for the data centers that are being built in India today for hyperscale, in particular, as what's being built in North America right now.

So the first data center that we are going to complete in Navi Mumbai, mid of next year, will have substantial -- I think more than 80%, 85% of that will be liquid cooled, at a point of time when liquid cooling as a technology is still sort of just falling in place in many parts of the West, right? And the PUE or the power usage effectiveness improves by almost about 20% to 30% when we go to liquid cooling. So straight away, it delivers huge sustainability benefits.

The other interesting thing which, also, I'm seeing -- and that's again where India is very uniquely positioned, and it's great to hear the plans of Greenko -- is hyperscalers are insisting that they want the entire data centers installed capacity to be backed by renewable energy contract before they sign up with you which -- so that makes it really remarkable. Because I mean, if you can, as a country, deliver a data center solution which is almost maybe 30%, 40% powered by green energy, just changes the entire dynamic around this -- the whole sector, right?

So I think -- I have to say I really liked your slogan. I didn't know whether -- life is on. So I think if I look at it, data is life, life is on, right? But when it's on, we need energy. So yeah. But I think that's -- I think India's data center business is growing at roughly about 20% to 25% per annum.

And some of these changes in terms of technology adoption, and the way the green footprint on renewable energy is coming up and across, it's growing as hydropower, solar, wind, battery. Battery is really not that far away, maybe in the next two, three years. I think it's going to be a game changer for the sector.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you. And I mean, all the data indicates that today, India is around 1 gigawatt of data centers installed. And we are looking in the next three years anywhere from 3 to 4, depending on the read you do. But anywhere tripling or 4x-ing the need and of course -- both energy efficiency and the cooling would play an important role.

Sanjeev Dasgupta - *CapitaLand India Trust - Chief Executive Officer, Executive Director*

One thing -- I'm sorry -- just I want to add to that is, we're seeing your competitors definitely in preparation of this setting up manufacturing facilities in India. So they have speed to market. So I think that's something for you guys (multiple speakers) --

---

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

So taking the story of data, AI, energy, sustainability, something which you do at Capgemini already, so how are you seeing this AI story transforming the optimization of the energy? And then how Schneider Electric is actually helping you to achieve those solution solving at Capgemini?

Naresh Kumar - *Lauritz Knudsen Electrical & Automation - Senior Vice President & Chief Operating Officer*

Yeah. It's a very interesting question. So what we feel is what we have seen in the energy command center with a huge amount of data is, AI will go beyond training the models. It will be used as inference. What we are seeing is the data is used as inference. AI is discovering new ways to optimize energy to become more -- to bring a more sustainable future.

I'll give a small example. So we are -- as all the living beings, we are safe at 300, 325 ppm of carbon dioxide in the atmosphere. Today, we have crossed the threshold. We are at 421 ppm of CO2 in the atmosphere. Every year, we release close to 2.5 ppm of CO2 into the atmosphere.

And even if we half that by progressing towards net zero ambition --- globally, we have signed that by 2050, we'll be net zero. And India, 2070, will be net zero. Even if we half that by 1.25 ppm of CO2 every year, by 2050, we'll be roughly around 458 ppm of CO2 in the atmosphere.

Just imagine the life at stake for all the living beings at 458 ppm of CO2 in the atmosphere. It is going to be catastrophic. So what I'm seeing is, we have to move quickly. We will be moving forward for climate restoration, like the removal of carbon dioxide from the atmosphere. AI will be used to ensure that the CO2 levels are removed and safely stored in the reservoir -- efficiently stored in the reservoir.

So I also see that when the world uses more of AI factories, we'll see a better future. The best use of energy is when energy is used for intelligence, right? So without -- we cannot have a -- do a business in a dead planet. So we need to do both the climate restoration, at the same time, optimize energy. I foresee that with more of AI. So we can see very efficient renewable energy generation.

We'll deploy supercomputers with AI capability to harness more renewable energy. We'll be able to design more efficient wind turbines. We'll be able to store more efficient energy into the storage solutions. And at the same time, we'll be able to restore the climate by storing the carbon dioxide more efficiently in the reservoirs.

So AI is going to power the future. And with Schneider, what I foresee is that we operate 10 different softwares in the energy command center or in an interoperable architecture. So with so much of data, we have already seen going beyond training the models. As I see, we are going into inference.

So inference is going to be used more and more to optimize the energy. Because we always say that the greenest and the cheapest form of the energy is energy we never use. So that's what I see the future.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you again for reinsuring the safety. When I come from Delhi, the AQI last week was 1,500. So we all pray that this is something which we're going to solve it together because we can live in a planet which is breathable. And I think technology plays an important role.

And we're almost on the time, but I want to quickly come back to Mr. Venkateswarlu on the technology. We heard about solar. We heard about wind. We talk about hybrid. We talk about storage. What more are you doing at Greenko to make this transition happen, and then what technology is helping you?

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Yeah. Apart from solar and wind and -- hydro power is one -- just to give the round-the-clock power -- anytime, any power, we are using a lot of -- state a part of the technologies like base emissions with variable speed machines, intelligent inverters, power plant controllers, MP -- master power plant controllers, joint controllers like that. Apart from that, we are also committed to provide green energy.

So we are going in very big ways nearly about 1 million tonnes. It requires 1,400-megawatt power that, too, green power to develop the green hydrogen. So the raw source of input is H2O, water. We are splitting H2O through electrolysis process. There is electrolysis.

Through this process, we are splitting the hydrogen and oxygen. Hydrogen is used for transportation and preparing ammonia and everything. Plus -- and cleaning -- some petrochemicals for cleaning process; also, they are required.

We are also -- one project is coming up in Andhra Pradesh in Kakinada, that already we have planned and (inaudible) everything. We are going to start producing product by 0.1 million tonnes by 2027, another 1 million by 2030. So there is a green hydrogen using electrolysis process in (inaudible) water. The power is completely from renewable power, not fossil power, this solar wind we are giving.

For that, we need to give round-the-clock power. That's why the IREP concept only can substitute the thermal stations. So there are some drawbacks in thermal station that is also work in this one. See, thermal station cannot give anytime any power.

Here, you can get anytime energy. You can vary the generation --

---

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

You can optimize.

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

From 0% to 100% through using some state-of-the-art technology of like what you call fixed -- variable speed emissions using -- yeah, the frequency of (inaudible) and everything.

So second thing is -- and also, we are producing green ammonia. For that, the requirement is hydrogen and then N2H3, ammonia, right? You are taking N2 from hydrogen. That is ammonia synthesis by synthesis. By electrolysis, we are making hydrogen by synthesis -- ammonia, the N2 -- N2H3.

So by ammonia synthesis, we are also generating green ammonia. These are also -- apart from solar -- the green energy -- we are -- totally, we're committed for green energy, the power as well as the green hydrogen, green ammonia.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

And this new green hydrogen project, I mean, I'm super proud to share that you're using the whole solution from Lauritz Knudsen range of our offers, the LK range, the L&T range of our switchgear, which is helping you to transition this (multiple speakers) solar and the green hydrogen. Do you like to spend one minute to share why LK?

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Yeah. So this is what happened, because you are going for a very big scale. Earlier, the voltage level 220 kV level, we are pooling 250 megawatts like that. Now we are going for 500 megawatts, 700 megawatts because we are eliminating 20 kV. We are directly eliminating -- stepping up to 330 kV to 400 kV.

There, we have a lot of volt levels up there. So only -- because all our solar plants and wind plants, we are using L&T only and able to provide at 800 volts. Because in solar, there is rectifier transformer, the inverter transformer. There, we are stepping from 800 to 33 kV. There, we require some 800-volt switchgear, only that can meet -- L&T only can meet the volt level -- 800 volts level.

Similarly, in green hydrogen, also, there is rectifier transformer. There was 33 to 800 step-down, right, converting AC to DC. There, also required -- this 800 volts very much required. So for that, to meet our volt level as on today, the market available only is the L&T switchgear --

---

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you (multiple speakers) --

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Apart from that, 33 kV, Schneider also -- first, initially, when we started our [Anandpur] Solar Park, we have used only 33 kV switchgear from Schneider and also for control and production panels also.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Yeah. Thank you for the (multiple speakers) --

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Apart from that, you are talking about the AI. See, here, because it's very complex process, so we need to give power as required because you have to utilize for pumping this month. A lot of these things are there.

So it is very difficult to interface with -- the human interface, right? So that we are going to have some (inaudible) using artificial intelligence. Because the main challenge in renewable sector is forecasting scheduling.

So we are using the AI and ML. We are developing internally and with the help of Schneider (inaudible) that we are developing some -- the forecasting scheduling using AI and ML also.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

So again, thank you so much for the trust. As Naresh was talking, it was a very unique case where we listen, we partner and innovate. And we are the only -- few of the only options available when it comes to the cutting-edge technology. And thank you for being -- I know we are almost there on time.

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

Sorry, also requesting you all people to come out with some -- because the nowadays, the breakers are coming on SF6 gas is not environment friendly. That's why we are expecting if something is coming up in factory-level gear or somewhere else, dry air or something, instead of SF6.

SF6 is also not environment friendly. So now we are using entire green energy for making green hydrogen, green ammonia, except our GIS substations. We are using GIS substations there, (inaudible) and everything. That is not environment friendly. If something come out with using some different environmental-friendly gas, then we'll make it -- everything is green hydrogen -- green, okay?

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

So keep your checkbook ready. Uday is going to show you the air-set technology at the back, which is SF6-free. So this is a compressed air technology. So did you bring the -- we'll take the check first; order can come tomorrow. We'll show you the product at the back of --

---

Venkateswarlu Tedla - *Greenko Energies Pvt Ltd - Senior Vice President - Project Finance*

If something -- product comes, Greenko is the first -- first, we'll take it because you're initiating (multiple speakers) --

---

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

The target goes up, right? Well, thank you, sir, so much encouragement. That was not in the -- but very well summarized. And we are happy to show you we are leading that technology also. We'll be happy to show you later.

I come to you, Sameer-ji, very quickly that we -- if you can share your thoughts. We heard about a lot of green, but green energy. But what is your perspective on the biofuels? You did share about the transition already happening. And what is really happening in terms of what the next phase of biofuels would be in the country?

Sameer Sinha - *Triveni Engineering & Industries Ltd. - Chief Executive Officer, Sugar Business Group*

So I talked about the 1G ethanol. And 1G ethanol, also from an offtake perspective, all the automakers had come out with an E20-compliant engines introduced from April '23 onwards.

Now I was talking of what next and therefore, I said that in terms of technology, with 1G, we can go to 50%. You talked about the 2G, which was the parali being burnt in Delhi and the environment over there. And if that gets converted -- and we are working towards that. And that should get sorted out in the next two, three years, at least a technology for that, which IOCL Panipat is working on.

And that and the residue, the biomass residue at a sugar factory, both of them put together can give another 15% of ethanol coming in. So that E20 can actually become, in the next five to seven years, an E60 plus. And that will form the backbone of moving up the next value chain on the biofuel side.

So what are those? The first thing is, can it be mixed with diesel? Yes. ED-5 can come in. Research is happening. It will -- it should become a reality in the next two years; that's one. The second and the most exciting thing is producing sustainable aviation fuel. And that -- in Europe, it might be using the cooking oil, et cetera, the waste oil.

But in India, there is no supply chain worth the quantum that we are looking at. So 1G ethanol is going to become the backbone till 2G ethanol comes in. So therefore -- and we believe that once the SAF comes in, India could turn out to be a zonal hub, even supplying to Dubai and Singapore. And of course, there are policy tweaks which are required for that.

The third thing, we talked about a little bit about the green hydrogen. Now ethanol as a molecule can be very efficiently used for producing green hydrogen. As decentralized plants sitting next to consumption centers, it's much easier to move ethanol than anything else. Move it, put it over there, supply to steel and supply to cement industries, wherever they are located.

Now so what are the policy tweaks which are required? One, of course, is in terms of pricing. Because you see, all the feedstock is going to come from agri, most of it. And the government already has a control on the pricing. So it's pricing which has to be announced.

We know that the SAF pricing can be 2.5 to 3x of the ATF pricing. But even if that gets announced, that will translate into only INR200 to INR300 per ticket of every passenger who flies, which is absolutely -- doesn't make any difference. So it's absolutely demand inelastic.

The second thing would be in terms of a mandated offtake. The government would say, yes, we are willing to pick it up. The third would be an automatic linkage of the feedstock price to the final pricing happening and of course, the vehicle from an offtake perspective where it goes into petrol and diesel. The vehicles coming out should be the flex-fuel vehicles. As in Brazil, flex-fuel hybrids with the battery coming in over there, which the government needs to promote; put it on par with your EV vehicles, our preferential pricing for E100.

But most importantly, work on having the Indian carbon markets a reality, carbon accounting. And the third and most important thing is for the verification of the Indian carbon intensity, whether it's 1G ethanol or 2G ethanol going all the way. Because if we talk of sustainable aviation fuel, somebody might say, okay, you have produced it, but how do you prove that's sustainable?

So the India carbon intensity life cycle studies, they have to be done. And let's say, organizations like TERI or NEERI should take the lead of doing it. And they should be mandated, and there should be verification going forward for that.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, again, very promising story. And I think we all look forward for those opportunities and transition. 30 seconds, Sameer-ji. We are four years into the integration of L&T switchgear, Lauritz Knudsen and Schneider Electric.

You've been using LK for years. In 30 seconds, what did you see, the change? Did you see the change and anything which we did? Please be careful. Olivier and Manish are sitting; investors are sitting -- I mean, the integration manager.

Sameer Sinha - *Triveni Engineering & Industries Ltd. - Chief Executive Officer, Sugar Business Group*

No, no. I don't see it as a relationship. I see it as a partnership, which has all along kept getting stronger and stronger. As an example, I will talk about my -- the last of the five distilleries that we have, providing 1G ethanol.

I mean, LK went out of its way to ensure -- support the partner in terms of the design, very expeditiously supply the components over it because the panels were on the critical path. Surprisingly, they don't happen, but it was in our case.

Oversaw each of the manufacturing process and ensure the quality assurance at the partner's place over there. Supported and supervised the commissioning of those panels. There were special design panels coming in. And also monitoring the post-commissioning operating parameters of those panels. And this kind of support really flows in from the top management and is extremely commendable.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Thank you once again for assuring, and we commit to maintain the DNA -- unchanged spirit of Lauritz Knudsen serving you. 20 seconds, Vis, how do you see the collaboration with Schneider going forward? How do you see we taking this problem solving together in the ecosystem?

Viswanathan Rajendran - *Capgemini - Vice President, Engineering Services & Global Sustainability*

Yeah. As I always used to say that digitization is the first step to decarbonize. So the collaborating with Schneider and taking this solution of creating a central energy command center, like what we have done for our operation, there is an urgent need to optimize the energy consumption.

So conservation of resources is the first step, as we always say, for sustainability, whether it is Scope 1, Scope 2, or Scope 3 emissions. So we see it's a joint responsibility for us to mitigate the climate change. So I see it's a great opportunity for us to work together, and bring a better and sustainable future for all.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Yeah. And I personally believe, and all of us in the room believe, that this is a problem which cannot be solved by individuals. And this is where all of us should come together because this is one topic of sustainability, I think, we're not competing. We're trying to come together and solve.

And thanks for the partnership. We have actually signed a new customer where we both will work together to solve the same sustainable challenge because there will be no planet if we don't solve this. So I think we have to come together.

How do you see, as a last question, Sanjeev, where do we see Schneider Technology helping us in data center to bring the market to the next level? One minute.

Sanjeev Dasgupta - *CapitaLand India Trust - Chief Executive Officer, Executive Director*

Okay. No, so we've identified -- in fact, we just had our Investor Day a couple of weeks back -- digitalization, decarbonization, and disruption.

Disruption is the whole issue going on with global trade, right? I mean, we see opportunities coming out of all these three elements. So in that sense, I see a lot of overlap between the messages that I'm hearing here today and what -- how we are looking to grow.

I think the other thing also I want to say is that I had the opportunity to meet JPT. And one of the things which I was really impressed about was his passion for Asia. I mean, he chose to base himself in Asia as a European company's CEO, spent so many years in Hong Kong, China, very, very passionate about India.

He was telling us about how it took him two, three years to do the -- to keep talking to L&T and eventually this -- 18 years, okay, sorry. I'm short by 16 years. So I think all of that to me -- because this is the continent where the population of the world -- 40% of the population of the world resides. That's where a lot of the growth will come from. So it's great to see a CEO and chairman who has that kind of passion for the continent.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Well, thank you, gentlemen. I know we can continue for another hour. But in the paucity of time, we'll stop here.

So what I take, as an ecosystem of the industries in the country from energy producers to a technology provider to making data for people and then industries which are helping upliftment of the farmers' technology shift, we all see the sustainability story touching us, the independency from fossil to non-fossil is what we are witnessing in the country.

Technology is here to shape a better management of what we do in the country. And the optimism to build the next country -- the next phase of the country growth with sustainability, electric, and digitization is on the card.

So again, thank you so much for coming and sharing those thoughts with us. Appreciate all of you. Thank you so much. Thank you, everyone.

(video playing)

PRESENTATION

Mourad Tamoud - *Schneider Electric SE - Executive Vice President - Global Supply Chain, Member of the Executive Committee*

Look, we heard from our customers, a lot of passionate stories about what we are doing together with Schneider, with LK. It's going to be time to talk to you about the journey that our global supply chain has embarked over the course of the last four years, going from, I would say, disruptive, very disrupted global situation since 2020, all the way through -- and lending it to our footprint here in India and preparing, I would say, and giving you a quick update on what is our Hyderabad factory.

So first and foremost, what is the objective of our global supply chain? First objective is really about providing a tailored, agile, and resilient support to our customers, to our business, and delivering and helping to deliver the performance.

So I'm going to try to take you through a few reiterated messages related to the megatrends and some of the large impacts that we have seen over the course of the last four years. So going through the megatrends, we are talking about sustainability. We are talking about deglobalization. We are talking about the energy transition.

All that has, somehow, shaped the way our customers are expecting us to interact with them. It has shaped the expectations from our businesses. And we hear a lot about connected offers. Yesterday, Olivier mentioned the stack of technologies. No connected offers without electronics. Electronics is becoming very prevalent inside the design of our offer.

Digital everywhere, not only in the offers we are providing to our customers and the solutions we are providing to our customers, but also the way we run our operations. Sustainability, there is no modern supply chain without a real sustainability strategy. Customer personalization, we heard it from Naresh. The success of LK has been driven by the ability to understand the customer expectations and drive them through R&D, industrialization, and delivery.

Call for agility and resilience. I think we all know what has happened over the course of the last four years and how the ability to ensure business continuity, building the trust with the customers, being able to react to all variations and challenges, whether mega events being floods, being tsunamis, et cetera, but also geopolitical challenges.

We can talk about what has happened in the Suez Canal, for example -- and decoupling multipolar world. So all that has fed into our strategy supply chain. With a few elements -- and I'm going to not cover all of them, but a few along the update that I'm going to deliver.

But digital, with -- you're going to hear more about our Smart Factory program and how we have digitized our manufacturing, how we have digitized our logistic centers, and how we have digitized our end-to-end planning and end-to-end supply chain.

Second, related to sustainability, we do believe that we have a massive role to play, in particular, on our Scope 1, 2, and our Scope 3, embarking our partners, embarking our suppliers into the journey. And I will mention a little bit more about what we have been doing with them.

Resilience, I mentioned about it. We have seen the necessity and the importance of designing supply chains that are able to react to various events. We have been designing in the way we set up the supply chain, what we call the power of two, ability to have at least two sites, at least two upstream supply chain, able to readjust, reconfigure, and being able to address the needs for business continuity.

And last but not least, the whole organization is based on the quality of the people, based on the expertise that the organization is bringing. And I will share with you also how we are doing that in India and how we are developing the synergies with our colleagues from the LK, our colleagues from Luminous.

If I move to -- sorry -- to what is our major transformations -- and I'm not going to repeat. We have a pretty well-balanced setup. You can see here across the different hubs, like it was presented yesterday. Our ambition is to reach a 90% regionalization rate. Regionalization rates means the ability to have a regional supply chain supporting the regional setup.

Olivier mentioned the -- from the R&D to the supplier base to the manufacturing base, supporting the local and regional customers. So all that -- and I mentioned to you, we are very clear on our ability to tightly align at the global level and loosely couple at the regional and local level. So we define global standards. We define global designs.

Take, for example, our Schneider Performance System. That is kind of the common language on running the operations in the supply chain. Number two, the power of the orchestration. Power of two and orchestration are a key element of our strategy.

As I mentioned to you, learning from the events of COVID, from the events of the various disruptions, we have been designing our supply chain to be able to be redundant, to have the capacity to react with multiple factories. Today, you're going to visit one of the plants that is part of a network of three manufacturing sites producing the same offer, giving us that agility and reactivity to be able to address variations, on the market variations, on the different disruptions.

Third element, we do believe that modern supply chains are based on very strong partnership with our suppliers. The same way we are partnering with our customers, we are building very deeply rooted relationship, long-term engagement, strategic engagement with our suppliers through innovation, through ability to reserve capacity, through ability to engage on long-term planning.

So as I mentioned to you, we are really leveraging the global and the regional. And the pride of having this multi-hub strategy reflects also on the ability to be extremely agile regionally and to have the empowerment of our teams on the ground in North America for North America, in India for India, in China for China, and in Europe for Europe.

We have been, over the course of the last four years, driving very actively the deep simplification of our network. And I explained that we have been simplifying the flows, driving network modeling, network design, on shortening our supply chain everywhere it's possible. We have brought back closer flows, closer suppliers in order to support the design of this supply chain.

And not to mention there, but we are also working on the tools and the systems, like, for example, adopting a simplified, unified solution that we call the unified project. If I now take a bigger look and -- what is our supply chain at Schneider Electric, maybe to describe it, I would really look at it as a vast network of entities that are covering source, make, deliver and, I would say, orchestrated through a layer of end-to-end planning.

So you see a few numbers here, 153 factories, of which 31 here in India. Source, we are working with somewhere around 20,000 suppliers for 11 billion of cost of goods sold. We are delivering through a network of 79 distribution centers, which are made of a good balance between fully owned entities and 3PL-run distribution centers.

And we are delivering, as I was telling, a tailored supply chain; meaning, we are really addressing different models of supply chain, five of them, to support the equivalent of 17 segments or personas, of which panel builders, distributors, data centers, et cetera, that are having very different buying behavior, that are expecting from us a very tailored and differentiated approach in the way we interact, from the way we plan, from the way we manage the logistics, the way we deliver, all that being designed at a very early stage with them.

I can mention 80,000 people, that's a very, very large part of the organization. And once again, very important of highly aligned and loosely coupled, having the regional setup being extremely empowered to execute and to accelerate the execution. As I was mentioning, sustainability is at the core of the company.

And as it is at the core of the company, it's also at the core of the global supply chain. And I'm not going to cover all of them. But there are a few programs over there that were mentioned already, like our Zero Carbon Project with the top 1,000 suppliers around the globe, with whom we have taken the challenge and the ambition to divide by two the carbon emission from 2020 to the 2025 commitment.

We can show here also a few elements, like we have been able to move more than 200 sites with zero waste to landfill. We are now reaching 86% of renewable energy inside our supply chain. And you will see it when you will visit this afternoon Hyderabad factory. We are really, I would say, applying all the solutions and the technologies into our factories, into our distribution centers.

We have been recognized pretty significantly, and I can share with you a few of those recognitions that the team is quite proud about. We are, since 2023 and 2024, top number one at Gartner Supply Chain Top 25 ranking. We have been recognized through multiple sites by the World Economic Forum.

We have now seven sites around the globe. In every region, in every hub, we have at least one to two sites that have been recognized. We have seven of them now, and you will have the opportunity to see one of them here in Hyderabad.

All that is connected through our impact supply chain. And as we believe that we are the ones making an impact, we really wanted to have a simplified strategy that leverage four pillars: the customer, which we are extremely proud of being one of the most ego-centric -- or customer-centric organization; driving quality at the heart; managing very specialized and tailored approach for our customers; reliability for, I would say, those customers that trust in us.

That being leveraged through the planet, which really carries all our safety strategy, our sustainability strategy, our resources optimization, to deliver -- what -- the performance. And the performance is related to the efficiency of our operations, the smart and unified processes across the company, and last but not least, the heavy collaboration with our partners, with our R&D, in order to bring the innovation to our customers.

And last but not least, all that led by our people where we do believe in the growth mindset. And we have seen that we have entered in a hypergrowth cycle over the course of the last few years and also preparing -- what's happening in front of us in some of the regions like North America, like India, like Middle East.

The core expertise, we are very industrial tech company; that's the motto. And our objective is really to ensure that we are building the right expertise, building also around digital, ability to have in the supply chain very advanced capabilities in terms of digital, in terms of AI. And again, we'll see how this has been embedded inside our Smart Factory program.

So Smart Factory program has started somewhere around 2017 -- 2016, 2017, with the idea that we want to be, I would say, operating the Schneider solution and Schneider technology that we are promoting to our customers, how we leverage those technologies inside our own factories, inside our own distribution centers, to improve our efficiency, to improve the visibility, to drive sustainability through -- what -- using EcoStruxure, connecting our products, bring visibility at the edge, and leverage the analytics and the apps at the layer -- digital layer.

So the objective for us was also to unleash the innovation inside our supply chain, adopting and embarking with start-ups, embarking with new technologies, IT solutions, AI, machine learning, and data analytics in everything we do. We are generating massive amount of data, ability to extract

insights and drive actions, improvements through those data was the core, the leading factor, why we launched those Smart Factory and Smart DC programs.

The journey, as I said, 2017, we just started -- and I remember some of you visited our Wuhan factory. That was our first site in 2017. We've 11 showcases, really started small, went to imagine what we would be down the road. In 2019, we reached already 60 plants and distribution centers that were tagged and audited by our own teams as smart sites.

And moving towards today, we are quite proud to demonstrate that we are able to move at scale, with 100 sites that are recognized as smart factory, smart distribution centers, that have adopted the whole technology, including EcoStruxure, including leveraging the AVEVA solutions, et cetera.

So the idea here was really to demonstrate, whether greenfield or brownfield, we are able to adopt technology. We are able to scale it and deploy it across the network. So if we look at what are those stacks -- and Olivier mentioned a lot yesterday about it. But the way we have adopted technology was really to make people empowered and augmented to deliver the performance, to deliver quality.

So very proudly, we have been using AVEVA PI, AVEVA Insights. We have also leveraged the EcoStruxure plant, EcoStruxure machine, EcoStruxure power solutions, inside our manufacturing, with the idea to really not just adopt technology for technology because we wanted paybacks. We have been pretty clear that those adoptions were to be made with real payback in every of those investments.

So just the outcome of all that, you have here a few examples. Some of them being already recognized by the World Economic Forum. Some of them are just part of our 100 sites network of smart sites. So Wuxi, we took some of you in 2017 there.

We have one site in Monterrey in Mexico. Le Vaudreuil in France, we had also a Capital Market Day in 2019, I think it was; MasterTech in France; Lexington in USA. And we have a video that will be interesting to share with you, with the fact that Lexington is a factory that has more than 60 years of existence.

And with the idea that what we wanted to demonstrate is adopting technology, innovative technology, digital, in a site of 60 years is possible with solutions that are platformed, with solutions that are open that enable us to come and plug onto existing equipment, existing machinery that we were not planning to replace at that moment.

Hyderabad, we will see this afternoon. Shanghai, that has been recently been recognized as a lighthouse. And Dunavecse, which is a greenfield in Hungary for our power system business that has adopted from the beginning the whole stack of solutions.

So now I'd like to play that Lexington video just to give you a flavor how the benefits and what have been the benefits that have been seen by deploying the technology. (video playing)

The amazing thing with those kind of examples have been that we have continued operating, as you can imagine, while we were adopting the technology. The amazing thing was also to take the entire teams on -- embark in that journey of digital and adopting those technologies.

So I hope you will feel it during the visit of Hyderabad. You will see also how the people on the ground have been able to understand better what is EcoStruxure, and adopting and explaining with their own words what are the benefits of all those investments.

Now shifting gear to India, we are here in a very important place for our supply chain, certainly, one of the most important supply chain manufacturing sourcing powerhouse for the company for the years to come. Just in a few numbers -- we mentioned it several times -- 31 factories, 31 distribution centers located in the country, 2,000 suppliers just for industrial purpose.

We have more than 19,000 people working along with the supply chain, including the teams in Lauritz Knudsen, including the teams in Luminous, all collaborating together. We are exporting today from India towards more than 30 countries supporting the rest of the group.

So the strategy for us has been very clear on leveraging the expertise, leveraging the technical competencies that we have here, whether inside our companies, inside our different brands, but also with our suppliers and partners. India is, for us, India for India and India for Global.

So we have five advanced Smart Factory inside the country, out of the 31. And clearly, the ambition to continue to accelerate -- I'm looking at my colleague, Naresh. We believe that the ambition is to turn them all to become smart in the future, and we are driving really a lot of synergies in that aspect.

If we look at the India for Global and how we believe the expansion and the expansion plan -- you have seen those numbers -- we are planning to multiply by 2.5 to 3 the size of India. And we clearly would like to accelerate with some kind of agility there, investing where it makes sense and driving furthermore, as I was mentioning, the synergies with LK.

We are leveraging, for example, LK on production, for example, on tooling. We have very strong capabilities, more than 300 people in industrialization and tooling design, that we are sharing together. We are also leveraging the size of our procurement, mutualizing our procurement and procurement volumes in some of the categories. So a lot going on in the last four years and really, again, just starting the journey to build the India for India and the India for Global from a supply chain and manufacturing standpoint.

And now my last step here, just covering on what is Hyderabad and lighthouse factory here in India. Hyderabad has been there since 2007 -- 2006, 2007. We have today about 38,000 square meters, more than 1,800 people that are clearly supporting India market, but also global markets and global footprint outside of India.

We have the chance there to produce about five critical offers with our, I would say, core products: air circuit breaker, vacuum circuit breaker, molded case circuit breakers, contactors, and push buttons. And you will see how we have adopted the global standards in the factory of Hyderabad.

In terms of transformation journey and the fact that we were recognized as a lighthouse didn't come just overnight. The journey started, as I mentioned, in 2017, adopting digital solution, power monitoring experts, EcoStruxure fundamentals, Resource Advisor.

2019, we moved on deploying our manufacturing execution systems and accelerating the adoption of the different advisors, the layer, upper layer of the stack. In 2021 and 2022, we started embarking with AI and machine learning.

And you will see a few very interesting examples, while you will be visiting the factory. In order to support our improvements in terms of quality -- in terms of improvements of energy consumption, our improvements related to ergonomics, a lot of things being done there, especially to mention the joint work with AVEVA, AVEVA Insight and AVEVA PI, that are enabling us to collect the data from the machinery and bring them to a layer that is providing the visibility to our teams through some control towers that are located in the factory.

We also see the adoption -- as I was mentioning to you that Hyderabad factory is part of a network of plants. We have the similar products produced in China, similar product produced in Europe. And we have the ability through digitization, through the adoption of EcoStruxure, to compare the performance, to compare the results in terms of quality, in terms of energy consumption, between those different sites.

And last but not least, we are now 2023, 2024, we see the adoption and the scaling of generative AI, adoption of 5G solutions that enables us a much more flexible adjustment and adoption of automated guided vehicles, AMRs. We are also engaged in the deployment of our fourth generation of lean digitization system, which is really the platform that enables us to manage the performance across the factory.

All that delivering a performance that's very clearly measured. Very proud we are showing that we have been delivering 52% of energy savings over the course of the program, 61% of CO_2 emission reduction. We have reduced the water consumption by 57%, and we have improved the manufacturing defect rates by 91%.

So as I was saying, we are not adopting technology for adopting technology. We are adopting technology for the business and for the planet to generate better performance, to generate better visibility, and to deliver our contribution to sustainability.

With that said, I'd like to thank you for your listening. And we'll be very, very excited to get your feedbacks after the visit of our lighthouse in Hyderabad this afternoon.

Thank you, and wish you a good rest of the day.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. So I think at this stage, probably everyone needs a quick coffee -- technical break, whatever. We're going to be back in 15 minutes. And while we're out, there'll be a looping video, which is there on the webcast, you can watch it as well. But feel free to step outside, but we'll be back in 15 minutes. Thank you.

(break)

Hello. All after a little break -- I don't know if you closely noticed, but the last video was very special. We talk about the Schneider Electric Foundation. And what the Schneider Electric Foundation is, is something that's operating on sort of a global level.

I want to think -- I want to spend like just a minute or two on this one. Because if you look at our sustainability journey -- Olivier spoke a little bit about it yesterday. And we are one of the companies, one of the few companies, which started way early in terms of having structured programs to be able to track actual progress on all aspects of ESG.

So I think several of you are aware of the fact that we have the SSIs. You see these every quarter because we report on them. A large part of the -- a large proportion of our people are compensated on the basis of this as well. And I don't plan to go through each of these because you know these very, very well.

But I want to just make two points, that when we were coming up with all of these, the first thing, as I mentioned yesterday somewhere, was that you'll see that it's totally complete. One, because it covers E, S, and G; and two, that it really takes commitments across all parts of the business, and really the ability to bring all parts of the company together to be able to deliver on these. And there's a big link between that and the mission of the company as we started off with yesterday.

At the same time, we always talk about the 11. But there's the concept of the 11 plus 1, which is the plus local. And that's something which is incredibly important because the needs of different countries, of different geographies, are special. Most importantly, for a country like India -- and all of you probably know that what applies in other parts of the world might not be as relevant here and vice versa.

So really, as a consequence, what we want to spend a few minutes on, maybe the next 20 minutes, I'd like to invite Deepak back onto the stage to talk on two elements. The first one, the role of India for the global 11, the 11 global targets that we have, and India has an important role to play specifically in a few of these commitments.

And the second one, to deep dive a little bit on the plus one or the local, which applies to India. And I think there's a lot of things that have been done here, which we are proud of, which the entire 38,000 people of India are proud of. And Deepak, please come onto stage and share that with us, please.

Deepak Sharma - *Schneider Electric SE - Zone President Greater India, MD & CEO, SEIPL*

Good morning, again. Well, I'm not going to talk about all the 11. But I thought these next 10, 12 minutes are important to understand how are we giving back to society. And I think Mr. Kant was very clear yesterday talking about -- all of us know this -- the big part of the country still lives in Tier 2, Tier 3, Tier 4, rural India. 50% of us out of 1.4 billion are not yet privileged.

And I come from the north part of the country. If I go to my grandmother's home, which is still very north, you will still see that the electricity is a luxury. While we believe everybody has a wire, but we still know there is not enough energy available during the 24 hours a day.

So we are still building India. And if I take in positive way what Mr. Kant left us yesterday, that if all of us contribute tomorrow in building the country as a consumer as what we do for the country, the growth engine, the growth story only multiplies. But for that, we need to fix the basics at the bottom.

And this is what we do through our commitment of giving back to the society. So what we do is, of course, we work on all the 11 metrics of our SSI. But these are two very special -- what we do at the country level, which is on number 9 and number 11.

Can I have my screens here, please? The number nine which is about green electricity, and the group has made a very strong commitment about the real numbers. I mean, we love numbers, but we also believe at the country this is beyond the numbers. It's the spirit, how do we serve the community.

So out of 50 million people objective we have taken, a big part of it, 50% of that commitment comes from the country, 25 million to bring them green energy, green electricity. And we'll talk about that a little later. But that's one initiative we have been driving in the country to make that happen.

We are almost there on our last minus two year, and next year, very optimistic to achieve that objective. The other one is very, very crucial to the country, the amount of people who could not get privileged enough to go to a school or were not allowed to go to school, and the training of the youth.

And this is also a very important measurement of how do we change and transform the people of tomorrow. And again, the group has taken a target. India contributes a significant part of that contribution, and we are well on track to build that.

Now if I take a little bit a bit more granular lens and what we are doing more at the country level, which is where we, team India, have taken a personal objective of adding more to that cause and again, giving back to the society, we have chosen three areas where we want to help contribute and build tomorrow.

The first thing is the youth, which resonates with our global objective, too. And we are talking about youth who, as I said, were not privileged enough to get those rightful education, either they were not living in areas where you had schools, or we are talking about that they got into practice of probably earning earlier and the L of learning came a little late. So how do we help them?

Then we're talking about kids who live in those terrains, those areas where schools are still a luxury. They don't have a building. Even if you have a building, you don't have a teacher. And if you have a building and a teacher, you don't have assets enough to build those learnings, and there's still enough in the country. There's still enough -- a lot of areas in the country who are lacking those areas of flexibility and technologies.

The last one is the communities, the families who live in those villages, where the living standards -- and they still struggle to meet their two ends meet. So how have we helped them? I'm going to deep dive with a small couple of examples. Let's take the youth first.

So in India, we've been working in developing these youth into a meaning -- giving them a meaningful purpose by bringing them education. And we, at Schneider, being a technology company, we believe we can bring technology to their lives. So we have almost 570 vocational schools built in the country. They're all technology loaded.

We build them as future electricians. We build them as solar technicians. We build them as automation engineers, so they can run basic machines with PLC, HMIs, and drives. And then they start becoming earner from these technologies.

We have almost trained 250,000 people in the country, and these schools are spread across the geography of our nation. And beauty is some of them became entrepreneurs, and we hear these stories. We get them together once in a year as like success celebration events.

And when you see them crying on the stage, saying that I was neglected by my own family; I could not achieve anything. And now he's running a business where he's, of course, feeding the family, but has created a position for himself or herself in the society. That's what this program is bringing in.

So we train them. We have these schools. We maintain those schools. We keep on upgrading those schools, so they also remain engaged and knowledgeable with the change in the technology, what happens.

I want to share a small video because we don't do this alone. We have a lot of people who come for this noble cause and helping the community to get educated. This is an association, which is called Art of Living. And the guru himself, Sri Sri Ravi Shankar, who has almost 370 million followers around the 150 countries -- he has been a peacemaker, peace solver, around the world in a lot of geopolitical stresses. And of course, -- but let's hear what we have done with them on this particular project.

(video playing)

So I witnessed one of the ceremonies when he was, himself, rewarding the ones who have changed their lives. And when you look at those boys or girls crying from coming from nowhere and becoming a meaningful purpose in the society, not for their family themselves, but for also building their tomorrow, I mean this is a remarkable change.

The second piece of change we are bringing is on our kids, right? And if you go to corners of the country which are a little far from the beautiful airports we have or the beautiful urban cities we have, there are hardly a place to actually call a school. There is hardly, sometimes, a teacher. And if you get all of them together, there's hardly a content.

So on the extreme right, there's a very specific program we have launched, which we call a SMITA program. And the whole idea was, again, technology, reach, and the privilege -- and the possibility to bring the privilege to those unprivileged kids, is how do we train them on the content by bringing them education material.

So under this program, we have created smart schools. And these smart schools reach to the terrain of the country, including states like Arunachal, where we still don't have access -- easy accessibility, where you have schools. They are built with digital assets. They are solar powered. They have connectivity through web.

And they -- all these schools are then giving them online trainings, online education content. And this helps them to get ready of what the world is and how the education material can be accessed. This we do with one of our -- God of Cricket in the country, which is called Sachin. I'm going to also share his views in the next few seconds.

But what we also do -- that this is not for only unprivileged. The ones who are privileged, like my kids who live in a beautiful city like Delhi, they also -- we run a program where we bring them and educate them how the green ambassadors -- as green ambassadors, to educate them why energy efficiency and why using planet sensibly is important for them.

And this program, what we call as Conserve My Planet, it has also been deployed with almost 1,000 schools in 12 cities, with almost 100,000 kids. But let me go to the next one, where Sachin himself associated with us, empowering schools to the remotest part of the country, changing and touching lives of kids who are really, really unprivileged because of the resources in the areas they live in.

(video playing)

Honored of meeting the legend a few weeks ago. He's so passionate today and especially with the [girl child] that he really wants to -- we are working on it -- what -- after '25. So that's the level of commitment we see.

The next one program quickly is about the communities, the families who are -- again, who live in those areas which are not as privileged. And this associates to the challenge of bringing them energy, solar-driven energies, to help them harvest more crops. We are helping them to actually do three harvesting or three farms yield a year because we have a better irrigation system.

We have installed almost 1,000-plus solar plants. And with solar direct plants, with an inverter, you don't have to convert them. So you can actually use a very specific technology of using the solar directly to driving a solar drive. And we have almost supported 20,000 families. This is in place.

But I want to take the next one. This is probably the most closest one to my heart. I did visit this community like three months ago in a state called Jharkhand, close to Ranchi Airport. And there are villages which is in the middle of nowhere. And they are -- because there's water. There is a pond. So you need at least water to survive.

And when you walk into these villages -- and I feel a little embarrassing, but this is the reality of our villages, that the men are probably the most happiest people because they do nothing. And the women have to take care of the kids, and also the cooking and also the farming. And the women, who were actually struggling, wake up in the morning at 4:00. They need to crush the rice, remove the husk, then boil it so that the kids can eat at 4:00, 5:00.

Then they work in the field during the day. And for the husk, they have to then carry the mustard during the day to like a few kilometers, crush them, get the oil extracted, bring them home, bring in -- cook. And of course, men are playing cards and probably having some nice drinks.

The technology we changed, which is called Smart Village powered by full Schneider Electric technology, this is a microgrid, fully isolated on the local village. And what has this done is bringing a technology usage for powering basic electricity. But I think this has become like a new normal.

The real fun is we have installed an artificial intelligence-driven microgrid program on that generation. And during the day, it serves and feeds the water to the land, to the agri. And the moment the agriculture is done -- and you will see some beautiful products there, the dampness is done -- then the microgrid transfers the energy to a small ancillary unit we have built.

So now we have a solar-driven factory inside the village. And now, the women can actually extract or extrude mustard seeds, do the oil, pack them in a packaging machine, again, powered by Schneider technology, and then bring those technologies or bring those products to the main market on an electric-driven rickshaw, which is again powered by batteries, powered by our structure. We still have a small storage. So during the odd hours, the storage also helps.

And then we have machines that husk, the famous husk, which they had to crush three hours to feed goods, the machine, single-phase, solar-driven, remove the husk in less than two minutes. So the women, when you meet them, they were actually crying because men was still not affected. The women and the kids really saw the change of life coming because of technology, artificial intelligence, microgrid, changing the way they live.

Let me show that video which is again very emotional. If you don't cry, come to me -- come with me to Jharkhand. I'm sure you will be very emotional to see the way we've changed the lives of these families.

(video playing)

So thank you so much for listening. These are a few elements of what we do in the country. And I'm going to leave you with a small another one-minute video, which will summarize everything I've been speaking about. Thank you again for listening. Thank you so much.

(video playing)

QUESTIONS AND ANSWERS

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

From Schneider Foundation back a little bit to finance, Hilary, good to see you. We have -- it's a conversation with the CFO. We have many conversations. It's interesting. We have one now here in India.

Let me just kickstart. Since we're in India and we're talking about new economies -- in fact, I haven't even asked you this question before. But have -- what has been your experience in the past with regards to India? I know new economies -- you've lived in a lot of places in Asia, et cetera, in Africa, I think. But tell us a little bit about India.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Yeah, indeed. Thanks, Amit, and thanks, everyone, for coming. Happy to be here in India, and for those of you guys on the webcast.

Indeed, I've lived actually quite a bit of my life in the developing markets, the emerging markets, whatever you want to call them, Latin America, Southeast Asia, Western Africa. I've not yet had the opportunity to live in India, but I've worked on and off here for well more than a decade.

And it's really exciting when -- in the developing markets or the emerging markets, it's really exciting when all those big pieces of talent, infrastructure, and ease of business come together. And it's been really interesting to see how that's come together really over the past decade, I would say, in India. We've heard a lot about that over the last couple of days.

The only thing I would add to what Mr. Kant and others have said is, what really makes us excited, particularly on the ease of business side, ease of doing business side and longevity side, I would say, is India has a really interesting juxtaposition of simplification.

That simplification of the taxation system is huge. The simplification of the regulations and law is huge. But the juxtaposition of that with the digitization is something that makes us really excited. Why? First, India, like many of the Western areas that we live, is a democracy. So there won't be the same administrations over and over.

That simplification of the taxation system, paired with the digitization of the taxation system or the digitization of the social benefit system, is something that would be very unlikely to roll back. So it gives a longevity of that simplification. That digitization really makes it real.

The second point around that digitization is it really makes real the getting rid of administration and frankly, the opportunities for sort of small-grade corruption across the economy. So these are the types of things that make things -- make me really excited about the ease of doing business.

And the idea that India is really poised for all of the things that we've been talking about for the last couple of days. I'm sure it won't be smooth sailing each and every year, and that's true with all economies. But really, that foundation is there in a way that makes us excited for the future.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

No, absolutely. And I think we'll come back to India in a few minutes. But since we're here -- and I'm sure a lot of people are also interested -- maybe we -- I can have a few questions which are more general and topical, maybe linked to the country of your origin as well.

There's been a lot of talk recently about tariffs and potential tariffs, and what that sort of means, especially to a company like ours. Mourad was talking about the multi-hub, et cetera. But of course, we have some level of interdependence as well, even though we're largely multi-hub.

But I know that the audience is keen to probably understand what's our preparedness. And from a finance standpoint, let's say, what's the potential cost or risk if you look at China, Europe, Mexico and India, and other markets as well?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Indeed. So my country of origin, in case people don't know, is the US. I am American. Indeed, there's been talk out of the new US President Donald Trump about potential tariffs. Not a huge surprise, I would say. And Schneider has been working as a company on the regionalization -- Mourad touched on it -- of our supply chain for quite some time.

Originally, nothing to do with tariffs, actually originally for sustainability and customer service. Difficult to achieve CO2 targets if you're shipping all of your stuff huge distances across the world. And also customer service becomes a little bit different if it takes 7, 8, 10, 12 weeks to ship things across the world.

So we started that journey quite a long time ago and only accelerated -- this isn't the first time, of course, that the world has seen tariffs in the past couple of decades. In 2016, 2017, we had the impacts of tariffs as well. So we've continued to work on that regionalization journey.

Mourad already said that we're working towards now 90% regionalization, so more specifically for us and where tariffs have been talked about. And of course, we don't know exactly what form they'll come yet. They can be in many different forms.

But China, for us -- we've been talking over the past few years -- China is primarily already China for China for us. We're in the last stages of that journey. So we wouldn't expect any additional tariffs in China to be particularly material to us over that Capital Markets Day timeframe. No real impact.

Europe is an area where we continue to work on regionalization, mostly in shifting capacity out of Europe to the rest of the world. That's also already in our plans over the Capital Markets Day timeframe. Within reason, we wouldn't expect any material impact and any impact to the Capital Markets Day guidance associated with Europe.

North America for North America is a little bit different. Here, we've regionalized between the US. We have special tax and trade status with Mexico as well. Here, we'll continue to watch the conversations that come out. The types of tariffs would make a big difference, of course.

And we'll continue watching that and planning for that. One thing that I would say there is that we continue to be a company with strong pricing power. I think we've proven that post-COVID. And we would expect that tariff impacts will impact the entirety of the US market. So that's something that we'll certainly look to, too.

And Mourad spoke to the fact that we remain very agile. And I would expect our agility, our resilience, our power of two, to also be very supportive to us as we look at what the next steps would be, not just for us, but everybody, if there was going to be some North America for North America tariffs.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Yeah, sure. So clearly, a topic that's top of the mind for us for a while and not just in the recent weeks, but of course, been planning for it any which way. As Mourad said, getting towards 90% of sort of regionalization.

India, of course, as a company where -- as a country where we're going to have a lot more for export as well in years to come. Maybe just on keeping to that topic, also around capacity. So we did mention last year in November about the fact that -- and we gave the numbers out and et cetera as well. Anything to update there?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

So I think in terms of capacity, we like to think about capacity in terms of percentage of sales. You saw in Mourad's presentation that actually things like square meters can be very, very different depending on where you're located, what kind of land space there is, this type of thing. And of course, costs can be very different country by country as well.

So we've mentioned in the Capital Markets Day, we thought we would be ranging around 2.5% of sales as in our tangible CapEx. That's both new capacity additions, but also real estate. We have some real estate beyond just the supply chain.

Here, we will remain agile. There's possibility that we could have more opportunities, for example, in capacity spend, but potentially offset with shutting down of older capacities. And also, we have a make versus buy strategy. So we'll tell a little bit more about this probably on our full-year results.

But here, I would expect like everything we're doing over the Capital Markets Day timeframe, but much longer than that. This is about long-term capacity planning. Obviously, we'll remain agile in our supply chain.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Yeah. And obviously, the team is working closely together because all of this is on the back of the accelerated or unprecedented demand that we've spoken about for a while. Yesterday, Olivier mentioned in one of his slides about the fact that we continue to step up R&D investments.

And I think it's probably useful to remind everybody in terms of what that actually means, and it's also the return on the R&D, et cetera. But is there a specific number that we are moving towards? Or how are you thinking about this topic?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Indeed. So I think Olivier showed that we've stepped up our R&D investment from 5% of sales to almost 6% of sales. And I think you can see why. We have huge growth opportunities in front of us.

And also, I think there's a moment in digitization, a moment in customer feelings, that really makes us feel confident in the strategy that we have and moving forward with that. In terms of R&D as a percentage of sales, we don't have a particular number in mind, right? You don't invest in order to hit particular KPIs of investment.

You invest in order to focus on the value that you're going to deliver to your customers. So we would expect that that should step up over the Capital Markets Day timeframe, tied together -- and Olivier made the point a number of times -- with us really seeing that unique customer value proposition and the return on investment.

So we'll expect to continue to see that step-up. We've mentioned 7% in the last Capital Markets Day. But again, I don't think that's a number that we would particularly target, for example, over time. And of course, we have strong growth in sales as well.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Sure. And of course, we also showed the vitality index. And I think those are the kind of things that, of course, we are tracking internally as well, which is also probably super important. I think -- okay, let's move more towards India.

Last year, at the Capital Markets Day, we did make an exception because, normally, we don't give numbers at a country level. But in November last year, we said that as -- that India at the time had a top line, which was -- for the domestic market, not exports -- of about 2 billion.

Since we already started sharing that, maybe you want to give an update as to what it was a year later. No surprise because we've spoken about the kind of growth rates that we have. But maybe you want to share that.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Indeed. So we won't get in a habit of it. But we did the full-year 2022 at 2 billion. The full-year 2023 is 2.2 billion. That's purely India for India.

And, of course, as a subset of that, part of those sales, but not only, we have part of our holdings in India with a JV partner, Temasek, where we own 65%; they own 35%. The statutory sales of that business, so not just for India, were EUR1.6 billion in 2023, just to give you a sense of that entity where we have the partnership as well.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Right. So 2.2 billion on an overall basis, which is for the India market. And the subset is India market plus export as well. I think just on that topic -- because we do get the question from time to time. So it is with a financial JV. It's a great association.

I do get the question, sometimes, in terms of what's the plan, what's the long-term strategy, et cetera, with regards to that. Anything to mention there? We get pressurized, sometimes, as to what it is, could an IPO be an option, or are we going to sort of have the same status quo for times to come?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Yeah. So we have a partner with Temasek; great partner, actually. But clearly, a private equity partner, a little bit more of a long-term holder than some of the other private equity companies that you might have. And we've been really pleased with them as a partner.

I think they bring something actually in knowledge about India. They really make sure they keep us on the right track financially, which I like. They're a financial investor. Of course, in 2020 -- or even when we originally announced the acquisition, it's clear that at some point, this is an investor that would look to exit in some way, shape, or form.

I don't think IPO would be the top priority for us. We have such an enormous growth opportunity in India. Adding additional administration, for example, for our teams here wouldn't be very exciting for us. So if our partner chose to exit, we'll have the conversation whenever that might be at that time and see what's the best for us.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Okay. Another question that we always get is, of course, around margins. We've given out the 50 basis points CAGR through to 2027. For this year, we're about to end the year, and the guidance is there for everybody to see. So to some extent, we've already sort of set that out.

Maybe it might be useful to -- and I'm not suggesting we gave numbers at a country level. But maybe you want to give some indication around the margins in India and how they might have evolved, and how you feel about them.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

So one thing, I think, we can see here, and one thing we've talked about, is that the India of maybe 10 years ago or even 6 years ago is very different than the India of today. And I would say that's true with business in India and the business of Schneider as well, including with margins.

So everything we spoke about, the India for India in terms of making things, in terms of innovation, the scalability of India and the scalability of our business, we're at a place where, I would say, without giving numbers, that we feel comfortable that India is a great part of the profitable growth story of Schneider and part of that CMD story that we've laid out, with great opportunities for growth as well. We mentioned that India, along with the US and Middle East, would be some of our most dynamic markets over those years.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Last night, over dinner, one of the people were asking me that if we have the two brands, is there a big differential when you look at it from a margin standpoint, let's say?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

So I think both companies have followed exactly what I've said in terms of that made for India, particularly LK, just from the very beginning, along with Schneider and the scalability. So in fact, there's not a material differential there that I would speak to.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Yeah. All right. Maybe let's move the conversation along. I'm aware that most of the time that we are having these kinds of discussions, it's always around quarterly result, full-year result, and all of that.

But of course, as part of what you have been driving in the company -- and of course, we see it internally -- over and above delivering the results, it's a lot about the transformation also of a finance function, which is really pivotal to business success as well.

So I just think it's probably useful for everyone to understand. Because we don't speak about it much actually externally. But I know you're driving a lot of this initiative. So maybe a few words on that and then possibly even the role of India in that entire finance transformation.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Sure. So indeed, we speak quite a bit at Schneider about the digitization of our customers, and that's quite a bit of what we talked about here. We talked some about the digitization of our supply chain as well.

We also have, like all companies, a big digital transformation of our own back office from finance, but not only, and plays a big part in -- what Mourad said as well, in our end-to-end customer journey, for example. So for the past number of years at Schneider, we've talked a lot about the one customer.

That takes a lot of work, actually, within the company to make sure that we are One Schneider. And we've been working for about five years on what I call One Finance. Everything from the right setup in the company, which has -- actually India has a big role to play with shared services, for example.

We have shared services in India in quite a bulk of our accounting teams here in India; also our digital team that we're strongly partnered with Schneider Digital on and our artificial intelligence team, which plays also a big role in our next steps in finance, so the setup for ourselves; as well as the digitization. So we've worked hard on creating, I would say, a One Finance in terms of digital performance and results for the company as well.

We grew through acquisition, like many companies, did over a number of time periods. So everything was not the same in terms of our data, in terms of our digital architecture, and digital infrastructure in finance and beyond finance. And we're quite proud that we're going to have -- we

really defined that right technology stack, that right data subset for finance, for performance measurement, in the company to have one performance measurement.

We're also moving forward with things like a driver-based forecast for the entire company that will enable us to make that AI enabled in the future. So we have quite a few things going on in the One Finance that I hope are absolutely supporting the One Schneider and everything the customer sees from us in the One Schneider.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. I'm just mindful a little bit on time. And I think that -- so we've probably covered at least a few aspects here. But I'd like to open it up to the rest of the room. But I think before we do that and then bring the focus back on India, bring the focus back on Olivier as the new CEO -- and I'm sure people have questions of him -- so maybe we just step aside for a moment, and we get a few more chairs. And then, we got Olivier, Mourad, Manish, to join us as well.

Okay. I think just a little time check as well because we've got a bunch of things. So I think we'll keep about 25 minutes or so for questions, interaction, I guess, show of hands. And then, we probably have some microphones around, okay?

Andre, right at the back, was the first hand to go up. Keep it to one question, and we come back.

Andre Kukhnin - *UBS - Analyst*

Andre from UBS. Thanks so much for taking my question. I wanted to ask it in the context of the digital flywheel, and you obviously spin it from all four directions. But I think until this year, it sounded like the digital and software was kind of the main driver that you were pushing on, one of the key focus areas. And with the changes that we're seeing this year, it sounds like it's going to be moving more towards product and kind of field services.

So in context of that, I just wanted to ask, with the changes that we've seen this year, is that the right read of that? And when you talked about risk of things maybe being broken, what are they? And what is changing now to ensure that growth for the next kind of four and six years, and beyond?

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

Thank you for the question. If you look at what I've presented on the flywheel and what we have been saying over the past years, we always said that those 60%, 65% will be a combination of digital activity, which can be software, which can be digital services. And it has been always a mix. So there was no real change in our strategy and what we are going to do.

Software is extremely important for us. You know how much investment we have put through the One Software Organization and how we want to develop it. What I wanted also to show yesterday, which is probably a little bit still unknown, is how much we are doing on the rest of the portfolio of Schneider Electric to digitize.

And you've seen a couple of examples this morning from our customers. You can help our customers to achieve their sustainability and their energy goals by providing software, but also by making sure you digitize all their infrastructure, which is how you digitize our historical portfolio of products and equipment and creating value. So no change in the strategy. It's just a reinforcement that this digital flywheel will grow to more software, but also more digital services.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. Martin?

Martin Wilkie - *Citi - Analyst*

Thank you, all. It's Martin from Citi. The question I had was on the growth in India. So thank you for giving us that new number, which is obviously the upper end, 10% of your group target. Is that how we should think about India, that it's within the range, but at the upper end? I mean, obviously, we could dream of higher number. Just to understand, is that sort of how we should think about the growth?

And in particular, is the growth mix very different? I mean, I'm guessing there's a little more backlog-driven, less-software, less short-cycle industrial. So when we think about the profile of that growth, is it sort of more stable backlog project-driven, or is it sort of similar to the group overall?

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

So in terms -- I think we'd already mentioned in the Capital Markets Day, the most dynamic markets we would expect would be US, India, and Middle East. Somewhat by definition, therefore, we expect those ones to be at the top end or maybe even a bit above some of the -- that overall group ambition that we've put out.

India, itself -- I think we included as an appendix for you guys later that gives a little bit of a breakdown. But indeed, quite a bit of India -- and we talked a lot about it -- is energy management and transactional, very -- what one might expect in a developing market, right?

So we have that big opportunity as the country develops in basic electrification today and moving up the chain in digitization and in software. So today, you're right that that pie will be less towards, for example, the software and digital services piece of the flywheel that we see versus some of the rest of the countries, but with big opportunity over time.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Yeah, that's true. And I think the fact that India is very strong on the transactional side versus group average, and that's actually quite a strength here as well.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Yeah.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. Alex?

Alex Virgo - *BofA Global Research - Analyst*

Thanks very much. Alex Virgo, BofA. I wondered -- one of your panellists referred to production capacity expansion intentions for your competitors in India. I appreciate that you don't necessarily want to comment on them. But perhaps, you can comment more broadly on the competitive dynamics in a country which is clearly going to be incredibly fast growing.

It's going to attract a lot of interest. And I presume that there's a top-down intention to develop indigenous capability. And I appreciate that you guys have been here for a long time and are seen as a local company, but can you share the competitive dynamics, please.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Maybe Manish and Mourad?

Manish Pant - *Schneider Electric SE - Member of the Executive Committee, Executive Vice-President - International Operations*

Well, thank you for that question. India is a very competitive market. What we see is that we have our global competitors here as well as we have a lot of specialized local competition. And some of the global competitors, the specialized global competitors, are also here.

So I would say India has a very big competitive field, and we are there. As Schneider, together with the two brands that we talked about, I think we are able to saturate the market. We are -- the solutions that we bring, especially with Schneider, which are end-to-end and digital, I think, clearly puts us at a very unique position in order to compete in the market.

And then, again, with the strong presence that we have across the geography, which I think is very unique, we are able to compete very well with both the global and the local competition.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

And maybe, Mourad, from your perspective because you obviously -- maybe less against the competitors, but you obviously track the production and the efficiency of factories here versus all others around the globe. So how does that track?

Mourad Tamoud - *Schneider Electric SE - Executive Vice President - Global Supply Chain, Member of the Executive Committee*

Yeah. Look, we have been presenting that India is going to go on a growth of 2.5 to 3 times. So -- I mean, logically, we would expect that we are going to grow also the capacities to serve the demand in India for India, but also India for Global, as I was commenting earlier.

We are definitely tapping into the competencies, the capabilities, whether people, expertise, that we have located here. I was mentioning very great synergies with our LK, I would say, colleagues, but also with our partners. And when I say partners, I'm talking about our suppliers where also they are investing in the country, whether local partners, but also global partners that are coming and setting up capacities here.

So we have a few extensions going on. We have opened recently our Hyderabad 2. We have another factory. So this afternoon, you're going to visit Hyderabad 1. We have already opened this year the Hyderabad 2 site that is growing.

And we are also investing in Bangalore as one of the hubs, where we have pretty heavy presence. So as we speak, we are definitely on the move on building that extra capabilities in the market to support this expansion.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. We go at the back. Andy?

Andy Wilson - *JPMorgan - Analyst*

Hi, it's Andy from JPMorgan. Maybe if I could ask a broader question. It kind of goes back -- it's probably one for Olivier from your presentation yesterday.

Just around capital allocation, I guess, predictably given what your peers have been doing recently and obviously some of the discussions for Schneider, I guess, just interested sort of where your thinking is in terms of potentially larger M&A, particularly, and I guess directly on the software side.

But if I can tag a second one alongside that still in M&A. Just do you expect to see more consolidation in this India market? You talked about a lot of local players. And clearly, you've been very successful in what you've done so far. I mean, is there a desire to do more? Or do you look at what you've got and think actually just organically, there's a lot to go for? Apologies for the two, I guess, Amit.

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

So on the first part of your question, if you remember what I presented yesterday, where we confirmed our midterm ambition by '27 in a range of 7% to 10%, I mentioned that we don't include any major M&A on that one. So we are confident to deliver that number.

On the M&A, itself, you know that at Schneider, we have been always watching what happened in all the markets, geographically, by type of business model. And we'll continue to do so. And of course, it will be part of the market where there will be consolidation. We'll be very, very attentive. And of course, we will participate opportunistically.

And at the same time, we have been doing also a lot in the past. We are integrating. We talked a lot about LK this morning. I'm sure you start to understand how much energy we have put in that L&T acquisition and make the most. So it will be a balance on being opportunistic in the future, but also, at the same time, integrating and maximizing the return on investment of what we have been doing so far.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. We'll go to George.

George Featherstone - *Barclays - Analyst*

Thank you. George from Barclays. Clearly, in India, as well as other parts of the world, you're facing quite a strong demand market. And you talked, Olivier, last night about a need to accelerate execution. So I just wanted to know a little bit more about what that means for you as you take over as -- well as taking over now as CEO.

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

Yeah, sure. Look, you've been following Schneider, I think, for some of you for many, many years. Running a company which is going to grow by 7%, 10% per year is very different than running a company which is growing maybe 2% or 3% or even zero growth.

So what I mean acceleration, it means that we have always to build the formation that will support the growth of the next cycle. And part of my life, it has been very much influenced in working in new economies like China, India, where you should always get prepared for the next cycle.

You cannot be satisfied with what you have today. That will start to create a very complacent organization. And if you want to capture market opportunity, you have to be much faster in the way you execute your strategy.

What does it mean? It means that there are a certain number of important decisions that have been -- to be taken at the top of the company. We have the privilege to take those decisions. They are not easy to take because they are not black and white. But investing on capacity to prepare the future, investing on building the fundation for the next cycle, like we have been doing in India is very, very important.

And my philosophy is always to privilege speed over perfection. We are in a unique cycle to the Schneider Electric, and I hope you're convinced since yesterday that we have massive opportunity. So my obsession is really to accelerate everything we can do in the company to go much faster because our markets are moving fast.

There are disruptions in the market, on the technology, on geography. You take the -- you had the geopolitics. And I think we are in a unique position, Schneider Electric, because we can give the best of our technology to our customers in different geographies. We have the unique technology capabilities from product to software.

But at the end of the day, it's our capacity to go much faster than our competitors to execute that. And that's what I would like to bring in this organization, which has been a very strong part of our DNA. But again, moving to -- from a couple of percent growth to 7%, 10%, it means that we have to go much faster to take those risks and to be able to get prepared for the next cycle.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

James?

James Moore - *Redburn Atlantic - Analyst*

Thanks. Hi, it's James from Redburn Atlantic. I wondered if I could carry on with that, Olivier. You talked a lot about speed and harmonizing the digital backbone infrastructure, driving service. But when you try to improve speed, I guess, we've got to ramp up on capacity.

Is there a profitability ramification that the acceleration that you're trying to do right now, for example, as we've seen in this year that there are ramp-up costs, which has some impact on profitability? Is it that next year is basically another ramp-up year and that the harvest is 2026 or 2027? Just trying to understand the profitability ramifications of the change of leadership and your speed acceleration.

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

Yeah, sure. I'll start and probably, I'll let Hilary complete. If you remember the slide that I presented yesterday, I've said that we will fund organically this growth by putting investment on capacity and R&D. Hilary has talked about R&D.

And again, it's super important for us because when you look at the growth cycle in which we are, we have to get prepared, and of course, to make those investments to capture and to make the most of this cycle. Now, impact for next year, I'm not sure this is the right time to speak about it, but maybe you want to elaborate a little bit more.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

Yeah, no, indeed, we certainly won't give guidance for 2025. But I think, look, we have guidance this year for plus 60 to 80 basis points. We've given guidance over the Capital Markets Day of basically plus 200 basis points. We're around 50 -- we didn't say for a year, but just CAGR. So adding things up, I can get the answer of what it is.

I think we feel very comfortable with that. We have strong gross margin. We're investing for the future. We expect -- this year, we've talked a little bit about those capacity additions and some timing associated with bringing online capacity, whether it impacts free cash flow a bit, whether it impacts our gross margins a bit.

None of that we would expect to be something that impacts us over the long term. And we feel very comfortable with what we've put out in the Capital Markets Day. We think also that's the right mix to capture growth and remain competitive in the market.

Suraj Malu - *Catamaran Ventures - Analyst*

Hi, this is Suraj from Catamaran. So you spoke about your strategy of region for region, like North America for North America, Europe for Europe, China for China. And on the other hand, like even you spoke about the strategy on India, both India for India and India for Global. So can you just help understand like what is the focus? Like, because if you look at region for region and India for Global, like how does that align?

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

It's a very, very important question, and that's a key fundamental of our company. If you look at what we've been developing about the past 10, 15, 20 years, we've developed a company which is very, very balanced from the revenue exposure.

But very quickly, we understood that the only way to be successful in those different markets -- because don't forget one thing. And when you travel everywhere in the world, you will realize -- when you connect your computer to the plug, you will realize that they are very, very different standards in the world.

So one of the key fundamental points to understand in our industry is that we need to make sure that we develop R&D as close as possible to the different markets. Now, when you step back from Schneider Electric, historically, what does it mean?

US for US is very important because by itself, because of NEMA standard, it's a very different market. China, just because of the scale of China and the fast development of China in the past 20 years, and of course, India, and we talked about since yesterday.

Now when you are operating in these different markets and especially when you build huge R&D capabilities in India and in China, we've realized very quickly that there was an opportunity to leverage those R&D centers to develop product also for the rest of the world.

So we have built huge capabilities in China. You know it, and we've been talking about it for the past 15 years. What we wanted to show you since yesterday is when you have, for instance, acquired a company like L&T in India, what we call LK for the local market -- and Naresh was giving example this morning -- we have unique R&D capabilities here that we can leverage for the rest of the region.

So for instance, Manish can give you example later if you are interested. But we can develop those technology to leverage in Southeast Asia, in Middle East, and even for some global product. Last but not the least, you know how much software capabilities you have in this country in India. So that will be a missed opportunity for Schneider not to leverage.

And actually, if you take AVEVA, if you take ETAP, RIB, one of their largest -- not to say the largest R&D centers they have from a software engineer standpoint is here in India. So it's a good balance of -- we try to leverage as best as possible this combination of creating very strong global R&D team for the local market, but making the most of those things to support the rest of the world. And so far, it has worked very well for us. It helps us to be faster and to be also more competitive.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Gael?

Gael de-Bray - *Deutsche Bank Equities - Analyst*

Thank you. Gael de-Bray from Deutsche Bank. Maybe one or two questions for Mourad specifically around the supply chain organization and the fact that you expect to move towards 90% region-for-region sourcing and manufacturing.

But what's the base for this? And specifically in the US, where are you now? Perhaps not so much in terms of region-for-region capabilities because I think there, the aim of the game is rather local for local.

Mourad Tamoud - *Schneider Electric SE - Executive Vice President - Global Supply Chain, Member of the Executive Committee*

Well, I think Hilary was commenting earlier in the chat with Amit, what we have started in this region for region has been started way early. So if you look at, I would say, the first wave of tariffs around 2016, we were already engaged in having China for China, for example. And we just accelerated along the way.

We have been also pretty clear on the fact that from Europe standpoint, having Europe dependency versus international and North America, we have been also engaged in making Europe more for Europe and leveraging India or Southeast Asia to support the international setup, while we are now accelerating to have much more capabilities in North America for North America.

Now I think that this is very dynamic. As Hilary was saying, we are very agile. The idea is really going towards the simplification of the flows, shortening our supply chains to gain in reactivity, and being much closer to where the R&D centers, to where our suppliers are located, developing the ecosystem to support that network.

So we aim at 90%. We are clearly seeing that we are accelerating over the course of the last four, five years. That also helps, as I was mentioning, the overall resilience that we are building. So the notion of power to dual sourcing are completely embedded in that regional setup that we are building as we move.

Hilary Maxson - *Schneider Electric SE - Chief Financial Officer, Member of the Executive Committee*

And maybe it would be helpful there, we're not so far from the 90%. That 90% is not something we expect to achieve in 10 years or something. It's just beyond the timeframe of the Capital Markets Day.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Will?

Will Mackie - *Kepler Cheuvreux - Analyst*

Thank you. Yeah, Will Mackie, Kepler. The question for (technical difficulty) could you please try and contrast how you (technical difficulty) in India and China with regard to their manufacturing capacity, pricing, speed to market, and how you utilize the two bases to serve Southeast Asia or the international regions? And how we should think about playing them off against each other or optimizing it to serve your markets?

Mourad Tamoud - *Schneider Electric SE - Executive Vice President - Global Supply Chain, Member of the Executive Committee*

I can try to give an answer there. I don't think we are playing against each other. It's really more like adding to the capabilities. As we were saying, China is much more oriented towards China for China. We are exporting less and less.

And clearly, we are seeing that China is becoming more autonomous, both on localizing and also serving the demand locally. We have also a pretty important footprint in Southeast Asia. We have a few manufacturing campuses and capabilities that are well serving, not only the market, but also beyond the Southeast Asian market.

And with India, as we were saying, India for India, India for Global, the plan is really for us to leverage India for international as well as in some cases Southeast Asia for international. So we have products that are mostly manufactured in Southeast Asia for that region. And we have products that are mostly located today in India that are serving the more global region of international operations.

I would say, and in regards to the question earlier, what do we mean by India for Global, it goes also to competencies and expertise. Olivier mentioned the R&D capabilities. We are seeing also from supply chain expertise and competencies, we are growing and grooming the people in India to support ourselves across, I would say, a much broader roles across the supply chain.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

Maybe, Olivier, would you like to add that you've had experience in both countries, China and India? And how do you think about this very topic?

Olivier Blum - *Schneider Electric SE - Chief Executive Officer & Acting Executive Vice President, Energy Management*

Look, Mourad, actually, the only thing I can add, we see in large number of countries in the world also local regulation, where government wants to add some new regulation and local standard, whatever. So everything that Mourad has explained help us to be very, very agile to serve the needs of those different markets.

So we are offering -- we are trying to be smart and leveraging China as much as we can. At the same time, in India, you've understood how we are today and which is quite important. But also in Southeast Asia, we have large campuses.

At the end of the day, Mourad said it, it's important not to have too many factories everywhere in the world, but to have in regional places and to make sure we have the critical mass in all those places to make sure we can remain competitive and will continue to play and which help us to be much more resilient in front of the geopolitics because we can play region by region and be more agile.

Amit Bhalla - *Schneider Electric SE - Senior Vice President, Head of Investor Relations*

All right. So I think just mindful for time, and I think we will obviously have -- we are towards the end of the year, so we will have next Q&A, which is not too far away. It's just in February. And by that period of time, we would have the results. We'll have the guidance for next year and a much -- the debate will continue, the discussion.

So at this point, what I'll do is I think we close the webcast. And thank you, all, for the Q&A. I'm probably just going to -- I might as well just do it while we're sitting here, is just to explain what is coming next.
