

Date: 28 April 2019

التاريخ: 2019 / 4 / 28

M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،

Subject: Analysts/Investors Conference Call
Minutes for the First Quarter of 2019

الموضوع: محضر مؤتمر المحللين/المستثمرين للربع السنوي الأول من
العام 2019

Pursuant to the provisions of the Article (2-4-8) "Premier Market Continuous Obligations" of the Boursa Rules issued under resolution No. 1 of 2018, and since Human Soft Holding (KSCP) got classified under the Premier Market.

عملاً بأحكام المادة رقم (2-4-8) "الإلتزامات المستمرة للسوق الأول" من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أن شركة هيومن سوفت القابضة (ش.م.ك.ع.) تم تصنيفها ضمن مجموعة "السوق الأول".

Kindly note that the Investors/Analysts Conference Call for the first quarter of the year 2019 was held at 3 PM (local time) on Thursday 25/04/2019.

يرجى الإحاطة بأن مؤتمر المحللين/المستثمرين للربع السنوي الأول من العام 2019 قد انعقد عن طريق بث مباشر على شبكة الإنترنت (Conference Call) في يوم الخميس الموافق 2019/04/25 في تمام الساعة الثالثة عصراً (وفق التوقيت المحلي).

Attached are the above-mentioned Conference Call minutes for the first quarter of 2019.

مرفق طيه محضر المؤتمر سالف الذكر أعلاه عن الربع السنوي الأول من العام 2019.

Yours Sincerely,

وتفضلوا بقبول فائق الاحترام،،،

طارق فهد العثمان

رئيس مجلس الإدارة

Tareq Fahad Al Othman
Chairman of the Board of Directors

HUMANSOFT HOLDING CO Q1 2019 Earnings Call Transcript (Edited) in English

operator: Ladies and gentleman, welcome to Human Soft Q1 2019 earnings conference call. I will now hand you over to your host, Mr. [Emad AL Hage 00:00:12], from Arqaam Capital. Sir, the floor is yours.

Speaker 1: Thank you operator and good afternoon everyone. This is your host. I'm [Al Hage 00:00:21] from Arqaam Capital Research and I'm joined by Mr. Mayank Baxi, the CEO, who without further delay I would like to hand over the call to. Please go ahead sir.

Mayank Baxi: Hello everybody. Welcome to the Human Soft holding Q1 2019 earnings conference call. Thank you [Emad 00:00:41] and your team at Arqaam for facilitating this call. I am Mayank Baxi, CEO of the company and I would like to run through the Q1 2019 highlights in brief and then leave the floor open for questions and answers. At the outset, I would like to mention that any forward looking statements or views discussed during this call are subject to risks and uncertainties that may cause the actual results to differ. Human Soft does not assume any obligation to update such views or statements nor any announcements regarding any revised circumstances.

Mayank Baxi: Coming to the Q1 2019 financial highlights in brief, total revenue of KD 18.4 million in Q1 2019 has resulted into a 7.1% growth over the same period in previous year. EBITDA of KD 10.5 million shows a growth of 12.6% over Q1 2018 and the EBITDA margins at 57% have improved by 2.8% due to high revenue and cost efficiency. The net profit margins have improved by 1.8% and the net profit of KD 8.7 million is higher by 11.3% compared with the net profit of Q1 2018. Total equity of KD 75.8 million has increased by 17.2% over Q1 2018. Total assets at KD 129.9 million are higher by 10.7% over Q1 2018. Deferred income of KD 17.4 million is higher by 7.6% compared with Q1 2018. Deferred income represents the unearned revenue and same shall be recognized as revenue upon execution.

Mayank Baxi: Shareholders at the AGM held on 7th April have approved the cash dividend of 185 fills per share, which will be distributed as per announced schedule to the eligible shareholders. Effective 10th of February 2019, Human Soft share has been upgraded to premier market on the Boursa Kuwait Stock Exchange. AUM continues to focus on quality enhancements. In January 2019, ACM business programs have received accreditation from accreditation council for business

schools and programs for its various business majors. AUM students continue to participate and win prizes in local and international competitions, both on the academic front as well as in sports.

Mayank Baxi: With this, now I open the floor for questions and answers. I request that please introduce yourself with name and the institution you represent when you have any questions. Thank you.

operator: We will now start question and answer session. Ladies and gentlemen, if you wish to ask a question, please press zero one on your telephone keypad. Thank you for holding until we have our first question. Our first question is from [ZoyaibPervez 00:04:40], [inaudible 00:04:42] AL Rayan Investment. Please go ahead.

Zoyaib Pervez: Thank you for the call, sir, and congratulations on good set of results. I've just got one question regarding the salary cost in general administration. I saw that you had a quite a significant decline in that. Could you tell us the rationale because as I understand last year the cost had gone up because you had hired more security staff and there was certain new regulations which required increasing the salaries for a your Kuwaiti staff, Kuwaiti national staff? So what has changed that recent certain decline in the salary cost? Also the facilities cost keeps on going down. What's happening there? Thank you.

Mayank Baxi: As far as the salary cost is concerned, as you mentioned in your second part there were one time costs in the last year related to the change in the labor law for Kuwaitis wherein we had to provide for the indemnities retrospectively for the Kuwaiti employees. Which now on subsequently has to be on a month to month basis. So the amount of accrual is much less than we had to do in the previous year in the first quarter. And moreover apart from that there is cost, rationalization in terms of the overheads, particularly in terms of the project cost of project team wherein now our construction activity has come almost to a stop and no new buildings are planned for this year. Hence does not make sense for us to continue having a large project supervision team. So that is another area. And there are some areas where we have improved the efficiencies due to processes, IT upgrades, et cetera. And over all that has helped us to contain the manpower.

Mayank Baxi: Regarding the facilities costs, the facilities costs are also driven by the kind of routine building maintenance or the renovations that we continuously do in the campus. And in this initial first quarter we didn't have much the renovation activity required. But otherwise it has been normal there.

Zoyaib Pervez: So are we looking at these numbers as being like the bottom and probably they are what given this, these kind of numbers, quarter of what it will be a continuation or can we see further decline in for example in facilities cost or a salary cost?

Mayank Baxi: I don't think there will be a major fluctuation because you also need to employ people. You need to spend on facilities, maintenance and management of the buildings, other infrastructure. Yes, some quarter it might be there because you would have incurred in that particular quarter, but otherwise it's not like you have reached a stage where there is always going to be a decline or so.

Zoyaib Pervez: All right. Thank you.

operator: Our next question from [Khalil Salim 00:08:24], private investor. Mr. Khalil, please go ahead.

Khalil Salim: Hi, good afternoon gentlemen. Could you elaborate a little bit more on what M and A looks like for the group over the next year or two in terms of geography, types of acquisitions, whether they're Greenfield, Brownfield or otherwise? and also a sense of whether you would look for control or minority, public versus private, and also perhaps some details on size of that program in terms of KD value?

Mayank Baxi: As of now, on the M and A activity we do not have a very clear subject, anything to share at this point of time. So everything I would say is an open ended thing. Geography or within the learning space various opportunities can come up and the size or the kind of investments also will depend on individual target. There is no specific ... like any target on hand or anything specific opportunity on hand wherein we can elaborate or talk more at this point in time.

Khalil Salim: Hmm. And do you expect to have more clarity on that by year end 2019 or is that a sort of 2020, '21 kind of initiative?

Mayank Baxi: There is no time bound pressure on us to have a M and A done at a given point already within a specific timeframe. Yes, you have to make sure that whatever we do has to add value overall to the Human Soft holding. And also it should not be a pressured decision or a decision without long term study or depth. These are strategic decisions. And along with it already we have a AUM, ACM wherein still we have potential. And we have to work towards the long term sustainability on them as well. So there is things that are already on hand which you cannot ignore. And at the same time as we had mentioned earlier, we are keeping of our options for M and A always open if opportunities come and if they are worthwhile we will reflect on them. And we'll take an appropriate call at that point in time.

Khalil Salim: Thank you.

operator: Ladies and gentlemen, I would like to remind you if you wish to ask a question, please press zero one on your telephone keypad. Our next question comes from Mr. Rajat NBK Capital. Please go ahead.

Rajat: Good afternoon, Mr. Mayank. Rajat here from NBK Capital. Any update on the price increase which we were discussing sometime back? And can you provide us with some color on what's happening in the new university campus for the KU?

Mayank Baxi: As of now we do not have any additional update on the fee increase. It will be disclosed as and when there is a development, we'll come back to you. Coming to Kuwaiti University, new campus we also do not have much official data except that whatever you also would be reading in newspaper. The buildings are ready and they are working on preparing for migrating some of the colleges. We'll have to wait and watch by the fall of this year. What all colleges are able to operate from the new campus. But I do not have more than that, any other official published information.

Rajat: Sorry, I joined a bit late for the call. But, have you already discussed any update on the new courses which were getting launched?

Mayank Baxi: We just started the Q and A.

Rajat: Okay. Can you ... will you give some update on what's happening with the new courses?

Mayank Baxi: As we said, we have received the approval for civil and architecture and our academic team working on the implementation and execution plans for that. As far as the petroleum engineering is concerned, still we are awaiting the clearance. Similarly for the ACM and masters program still we haven't received the final approval.

Rajat: Okay. Thank you so much.

Mayank Baxi: Yes.

operator: Our next question is from Hamad [inaudible 00:13:38], NBK Capital. Sir, please go ahead.

Hamad: Hello Gentlemen. Thank you for the call. Just a quick question regarding the competitive landscape. Any additional capacity coming from private universities from the ground and maybe other the additional licenses that are coming into the market in terms of new private universities? As well as if you could share your thoughts on if you have any idea on what would happen to the old campuses, old KU campuses, when the migration completes? Thank you.

Mayank Baxi: Yes, sure. See if you look at the PUC website already there are several licenses that were issued. Some of them already in operation and some in the pipeline. Recently there was one a new university announced in Jahra. Just maybe they would start during this fall. As far as the other private universities in operations,

we have not come across any announcements regarding capacity enhancements or increase. And as for Kuwait University old campuses, we also do not have much information what will happen to them. But earlier whatever newspaper reports or whatever indications were there that these campuses are located in a very congested areas and the traffic movement is difficult and therefore they are thinking of migrating to a better location, which is what has been done by building such nice, lovely campus outside in the outskirts. So we also do not have any other information beyond this.

Hamad: I see. Just a follow up question regarding what you mentioned on the new licenses has been given to the Jahra University. So that's for this fall, right? So all of applications-

Mayank Baxi: That is, if you see in the Kuwait various muppies etc on the Roads. I've seen some [inaudible 00:16:00], announcements from the university. I don't know whether they will commence during fall.

Mayank Baxi: I don't know that they will start taking students in this particular Fall or not, but we came across the buildings, that some of them are ready. I assume that they would accept students this year, but there is no other indication officially available to us.

Hamad: Sure. Maybe it's on your touch on the ground and seeing what's happening currently, any other universities that are coming into the pipeline, or additional licenses have been given to private universities other than the one that Jahra, which is expected this year. Maybe another few universities have been given in the next coming years. Is that the case?

Mayank Baxi: As I said, if you look at the PUC website, there are lists of licenses that are given, not only the new, but earlier also there are licenses that have been granted, but not yet kicked off. So this is an ongoing process. We do not have specific information on anybody getting started or the schedule for their startup, etcetera.

Hamad: Okay, by any chance do they mention any capacity objects lets say, are they expecting from these new licenses?

Mayank Baxi: We do not have that data because whatever you have seen in the public domain and on the PUC website it will be the license or major if at all they are there or applied. Then after that they have to go for land allotment and then construction and then only the capacity can be known. So at this point in time we do not have much indication about any specific capacity addition.

Hamad: Fair enough. On the follow up regarding the public university the KU issued on the campus. So, basically you have the majors are 2, which has been engineering and business, that portion is expected to increase dramatically in terms of capacity. When there is a migration from the current campus to the new campus in Shadadiya. So are you concerned about the amount of significant increase in capacity from KU? In business and engineering specifically?

Mayank Baxi: First of all we do not have a clear indication about how much increase specifically in engineering or business. In terms of capacity, addition will be there. As total overall if you compare, apparently also Kuwait university the existing campuses all add up to about 38 thousand student capacity or maybe a little more and that's what we hear about the total capacity of the new campus as such. And now coming to the positioning of AUM or ACM, I would say we will continue to focus on our quality and our image building that has happened over the last 10 years. And when we started the university AUM, at that point in time also KU was in existence and was the most reputed university almost 35 to 40 years prior to us in existence. With much bigger capacity than what we had when we started. And gradually we built up our reputation, our name and came to the stage. So, from now on, again we'll have to make sure that AUM maintains its reputation by quality enhancements, by experience of delivery, student's life, etcetera. And we'll continue to focus on that.

Hamad: Fair enough, thank you for answer.

Mayank Baxi: Thank you.

Operator: A question from Manoj Shroff:

Manoj : Thank you for the call.[inaudible 00:20:22]

operator: Sorry mister Manoj could you please speak a little bit closer to the microphone?

Manoj: Yes. After the fee increase of AUK and GUST fee increase last year or couple of years back. How their fees compare to our fees now? Because 5 years back, when we took our fee increase our fees were 15% higher. So they had a 15% increase. Is their fees and our fees the same now?

Mayank Baxi: No, actually, before our fee increase the fees were the same. As of now, after their fee increase and our fee increase there is a difference of about 15 to 20 percent. We are higher by about 15% also.

Manoj: Okay. So ACK and AUK they were lower at that point and they had an increase in 16 or 17, so therefor I thought they had become equal to

Mayank Baxi: Everybody has their 5 year cycle and when we started our fee increase process in 2013 or 14 there was not a big difference between our fees. And thereafter

their cycle came up and they got the fee increase which is now leaving us with that gap of about 15 to 20 percent.

Manoj: Okay. So when the salary increase, overhead AP cost, education certificate cost, because ACM faculty can change and the mix can change and every year you can have some different things. So, from what is a good number we should take on an overhead, faculty inflation? Because I know we speak about 3% [crosstalk 00:22:50]

Mayank Baxi: In general there is faculty or any other cost, Kuwait in general there is an inflation of about 2 or 3 percent. As far as the faculty salaries, at AUM or AC are concerned, there is no specific requirement that it has to every year increase by a certain percentage. These are merit based increases that happen in our campus. And I would say anything around 2 or 3 percent is a good cost inflation when you want to calculate the salary cost for the faculties.

Manoj: Right, Okay. And the way we can maintain margins with that increases our utilization should increase, so that's the only way to maintain margins from that.

Mayank Baxi: Yes, as the phases of different majors at AUM and ACM get into maturity. That stage allows us to have a better utilization of faculties where we haven't yet reached that maturity or that kind of full utilization factor. So that will allow us to have some efficiency, but this is a phase where sometimes even you could have a under utilization when we introduce new majors. There can be under utilization in the initial period. So, it's still not a very consistent scenario. It will keep changing semester to semester.

Manoj: Right, so can we say there is pressure on the gross margin,

Mayank Baxi: I would say there will not be a major fluctuation up or down. More or less it will oscillate within this level of couple 1 or 2 points up or down.

Manoj: Okay. Right. Coming back to that other question that the new KU campus, 38 thousand capacity, as you said, goes to the new campus. So there's no new incremental capacity as such, and in that also as the that the engineering capacity is being increased by 100%. Is there some information that we have now? SO I believe the old KU had 9 -10 thousand capacity in engineering and the new one will have 20 thousand. So, is that right? And from our new intake perspectives can it put pressure on new intake

Mayank Baxi: See, I do not have this authentic information about the capacity by each major. And that's what I mentioned to the earlier question as well. So it's very difficult to come up with a comparison of capacity in different schools and different majors.

Manoj: Right. Okay. If you could just repeat the earlier question of the 15% price difference that we have with ACK, etcetera. So I think, they are not engineering, so therefore even after they got the height 16/17 right? So even after that our prices are 15% higher?

Mayank Baxi: Yes.

Manoj: Okay and because prior to that our prices were 30% higher. As you said, it's not a apple to apple comparison.

Mayank Baxi: Yes.

Mayank Baxi: On so the engineering difference and the labs etcetera that we have and they done have in engineering and that is the reason we can sustain that price and we can continue to ask for the price increase on top of that. Also, as the logic should be the same when we go into the cycle?

Mayank Baxi: See, there are several things that go into the price revision calculation. One of the factor is the major that you are offering and what kind of infrastructure required for that and how the cost and how the institutions for similar programs are charging. So all these are collectively looked at. This is one of the area where there will be comparison and there are many other factors that work for that.

Manoj: Right. ACM is also going to get civil and architecture also?

Mayank Baxi: We have applied for the civil engineering technology there, still haven't got the approval.

Manoj: Basically the new university will have no new additional supplies so therefore should not impact us as of now in is that the case.

Mayank Baxi: Well yes, from the current whatever information that is available public domain that is what we feel. And now when they actually start and when it comes up with more clarity than only you can make a real apple to apple comparison by any specific majors.

Manoj: And even their engineering courses is in English.

Manoj: Thank you so much.

Mayank Baxi: Yes.

Operator: Our next question from Hamad NBK capital , please go ahead.

Hamad: I have a difficult question please on the previous question. So, you mentioned that your charges are 15 to 20 percent lets say higher than your competitors. Which recently got price increase. So even with the price increase that they got, which part I'm assuming it's an ACK. Still, you are 15% priced higher than them. So from a government perspective, how would you convince the government to increase your prices given that your competitors are priced lower by 15%? Especially recently we got a price increase. So that's the most thing that you can compare with, and you're still expecting a price increase on top of the 15% differentiation that you already have higher than your competition. So honestly if you could just give us your thoughts on why are you confident that the government should allow for another increase from ACM and AUM site especially if they can look at your financials and see the possibility that human soft can achieve. What is incentive for the government to increase the prices given that you are already priced higher than your competition?

Mayank Baxi: As I said, that we are not yet ready with our proposal of what and how much price increase and what positioning we'll do. But when it comes to any proposal for fee increase there are several factors that one need to compare and position. The international fees of similar programs, similar majors, similar facilities. And what are things to plan to do or achieve after the fee increase. Over the next 5 years. So these are all the things in combination that has to be looked at. If you look at this way, you have so many schools in Kuwait in the private sector. Every school will charge the fees according to their infrastructure, according to their operations and according to what they offer. So it cannot be that somebody in this country has this fee so everybody has the same fee.

Mayank Baxi: You have so many American curriculum schools here. Do they charge all the same fees? No. Everybody will have their differences and everybody will have their own justification. same thing applies here when you apply and when you position it will have to be looked at totally from an overall perspective and in combination with many factor. But we are not yet ready at this point in time to discuss more about it, because we don't have any data available at this point for discussion.

Hamad: So when you will you be ready for discussion

Hamad: When you said American schools, do you mean high schools or K-12 schools?

Mayank Baxi: Yes, yes. I'm just giving you an example. Although it may not be the same situation, but I'm just giving you an example. Each institution works on their fees according to their infrastructure and according to their positioning. Correct?

Hamad: Correct, but we're talking about two different things. One is driven by scholarships and one that's privately paid. Right? The discussion here is that the government is the main source of the payments that are flowing into Human Soft, so more than 90% of scholarships, and the tuition increase will directly impact those scholarships. The government, in this case, has a say on it compared to K-12 schools, where any parent can enroll any student with any price regardless of the government because it's not part of the scholarships. In terms of Human Soft or AUM, I'm just trying to understand what is the thing that you are offering compared to your competitors that allow you to have a higher scholarship-paid tuition fee. If we can just understand that, please.

Mayank Baxi: Our offering may not be, necessarily, the same as other institutions. The majors are different, or majors could be different. Our campus, our labs, our infrastructure that are inside is different than others, so you cannot have it as a comparison just only on the fees. As I told you, when we go for fee revision and submission, we'll have to study all these factors and accordingly submit a proposal which can be justified. That is how we will take it at that point in time.

Mayank Baxi: But as of now, also, there is a difference. When we went for last revision, we got fee increase which was much above their current fee at that point in time. There are different justifications when you complete your study and when you submit the proposal. You know.

Hamad: When do you think the proposal will be ready for Shareholders, basically, what's the fee increase that you are intending? If we can just understand the timeline, possibly, please.

Mayank Baxi: Once we have done some work, and when we are ready for it, we will definitely inform... At this point on time, we are not ready with this, so no point in giving you unnecessary speculative dates or indications about how much fee increase can be expected at the top.

Hamad: No, no. Not to the fee increases, specifically. I mean as the timeline, when do you expect to have the proposal done.

Mayank Baxi: This are strategic things at this point in time, I do not have much information that can be shared.

Hamad: I see. Okay. Is it a possibility that we can expect it by next year, that the fee increase will have to benefit [inaudible 00:35:25]

Mayank Baxi: As I told you, at this point in time, I do not have any specific information to share. Let's wait and let's see when we are ready with it.

hamad: Okay, perfect. Thank you.

Operator : Our next question from Ankur Agarwal HSBC Go ahead.

Ankur: Hi. Thank you for the call. I mean two questions. In terms of the first question is on the sharp reduction of receivables and the strong cash flow. How much of this receivable decreases seasonal? How much of that is recurring cash flow we can expect? In that context, you now have a very strong balance sheet. What are the plans in terms of capital allocation? In the past, you've cited M&A. Are we looking at an M&A? You probably are looking at a higher dividend payout in the short term. What kind of options are you considering in terms of the use of the balance sheet? That's the first question there.

Mayank baxi: When we look at the balance sheet. Sure. The cash component has increased, but simultaneously, the receivable has substantially gone down. It's only that the spring money. We could collect a major portion just before the end of the quarter. Usually, it takes a little longer. That's why, if you see last year, the receivables were much bigger in number than this year. It's the same scenario, that the receivable got collected early. Otherwise, there's no major change, except that the operations and the volume has increased. Therefore, your total receivable, and therefore, the collection also increases in that same proportion.

Mayank Baxi: If you'll look at this, 31st March, '19 cash balance, and you'll also factor in that still the cash dividend payout is not deducted from here because that has not been paid out yet. Number two, this cash has to sustain another six or seven months, or even more, till the time you collect the next fee or next semester money. This has to sustain all the monthly expenses and repayment and everything. When you remove all that, you are not talking of a major cash accumulation. That cash accumulation, by that time, will be ready for the year end, and thereafter, the next year's dividend payout.

Mayank Baxi: As of now, there is no specific accumulation in that context. Yes, you are seeing, at one given point, a big bulk number, but that is not a total accumulation which will sustain all the way.

Ankur: You are saying that there's a deliberate seasonality that we should consider in this quarter's cash flow? All right.

Mayank Baxi: Yes, every quarter's cash flow will have that seasonality. We are in a business where, when you receive a bulk fee in one go, your balance sheet will have a major component of cash versus receivable. At a given point in time, where the collection has not yet happened, you will have more of receivable. That is a cyclical in our business, and then, that cash has to sustain the next five, six, seven months. The period remaining until you collect the next money.

Ankur: The second question. Obviously, there've been a lot of discussion around the fee increase, the content of fee increase, the timing of fee increase. [inaudible 00:39:34] obviously, how should we work to drive revenue growth in the next

three years for Human Soft? Enrollments ... Are we looking at new majors? Are we looking at the master's program? In the past, we've discussed the master's program, the introduction of the nursing course. We are still awaiting approval for the petroleum engineering.

Ankur: For ACM, we've mentioned that we plan to target the Kuwaiti students who join PAAET. What do you think would drive revenue growth for the next three years? What kind of revenue growth are we looking at? Should we, basically, focus on mid-single related to high-single revenue growth? Or is double-digit revenue growth still achievable in the next three years?

Mayank Baxi: Yes. As far as the percentage growth or single-digit or double-digit, I think we would stay away from that kind of projections and predictions. But in terms of the market, there is ... 29,000 Kuwaitis graduate out of high school, and we have been taking around 3,000 students. That's about 10% of the Kuwaiti segment, and there are 10-11,000 of the expats. If you add up, all in all, the market potential is there. Now, how you try to reach out to a wider spectrum of the students or the high school graduates is what we have been working on by adding new majors, by introducing different majors even in the ACM, whatever has been introduced in AUM has been added in ACM, which allows us to, again, reach out to a big segment of students who are, right now, going to PAAET.

Mayank Baxi: All these, collectively, are the major efforts that, at our end, are driven towards, one, to ensure that we Sustain this enrollment, and two, selectively, without compromising quality, how do you enhance the numbers. This is how we will work on.

Ankur: Thank you.

Operator: Ladies and gentlemen, as a reminder, if you wish to ask a question, please press zero-one on your telephone key pad. We have four questions from Mr. Manoj Go ahead.

Manoj: Thanks for answering the questions earlier. On the, fees, ACM, also, is ... ACM, also, is 10% higher? There's no comparison, right, in ACM? would ACM fees be higher than the others?

Mayank Baxi: You may be right to say there is not major comparison. We are talking of AUM, the bachelor's program. In any case, ACM fees for us are at 190 kd . They're not same as AUM fees.

Manoj: Right. For me, there also, we can increase or whatever, because this will be second time to revise. The last time, also, we got an increase in ACM, as well. There's no reason that we should not giving engineering, as well, et cetera. Is that so?

Mayank Baxi: When we are ready, we will position both the institutions with the right profiling, and we'll have to take it at that point in time. As of now, I do not have any working or anything to share where we can indicate to you how much or what we will do for ACM or AUM.

Manoj: Sure, sure. I was just trying to understand. In the foundation course, also, our [inaudible 00:44:04] fees are same or even higher?

Mayank Baxi: I think foundation program Everybody is on par. I don't recollect, but there would be not much variation there.

Manoj: Sure, sure. People who enter as new students the 2,500 or 2,000 new entrants in AUM, how many entrants come from ACM? I believe it's 30% or something. Is that right, sir?

Mayank Baxi: No, no. Last year, we had only 120 students of ACM graduates enrolled in AUM.

Manoj: Okay, got it. A question. How has the attrition of been in the last few years? Or how has it improved? Is it continuing to improve on a sequential, yearly, or quarterly basis?

Mayank Baxi: You are referring to attrition of students or faculty?

Manoj: Faculty, sir.

Mayank Baxi: I'd say faculty attrition is more or less now within the range of anything between 10-15%, but earlier it was .more In the initial years, this was very high. It had reached up to 30%. After the last few years, where we started to focus on recruiting the faculty, comparing their profile, matching their cultural fit, et cetera ... Also, as we mentioned earlier, that the faculty position, wherever we have for any short-listed candidate, we fly them to Kuwait. For every faculty position, we fly the short-listed candidates to Kuwait for the final interviews. That allows the faculty to understand the culture, allows us to also understand the faculty fit within this environment. Therefore, the attrition rates have come down.

Manoj: Also, we pay also much higher. Right?

Mayank Baxi: Pay for the AUM faculty will be higher because these are PhD holders, and their scale is different than the ACM, which is master's degree holders.

Manoj: I mean the competition. Versus the competition, also, we pay our faculty higher. Right?

Mayank Baxi: We pay competitive salaries

PART 3 OF 3 ENDS [00:46:51]