

Date: 20 November 2023

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M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analysts/Investors Conference minutes  
for the third Quarter of 2023**

**الموضوع: محضر مؤتمر المحللين/المستثمرين للربع الثالث من العام  
2023**

With reference to the aforementioned subject, and to our letter sent to you on 15/11/2023, kindly find attached the minutes of the analysts / investors conference for the third quarter of 2023.

بالإشارة إلى الموضوع أعلاه، وإلى كتابنا المرسل لكم بتاريخ 2023/11/15، نرفق لكم محضر مؤتمر المحللين/المستثمرين عن الربع الثالث لعام 2023.

Yours Sincerely,

وتفضلوا بقبول فائق الإحترام،،،



دلال حسن السبتي  
رئيس مجلس الإدارة

**Dalal Hasan Al Sabti  
Chairperson of the Board of Directors**

**Company:** Humansoft Holding Company

**Conference Title:** Humansoft Q3 2023 results conference call (Edited Transcript)

**Date:** Wednesday, 15 November 2023

**Time:** 2 pm (Kuwait time)

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**Hatem Alaa** Hello, everyone. This is Hatem Alaa from EFG Hermes, and welcome to Humansoft's Third Quarter 2023 Results Call. I'm pleased to have on the call today from Humansoft Mr. Mayank Baxi, Board Member, and Anup Dhand, CFO. We'll start by opening comments from management, and then we'll open the floor for Q&A. As an initial reminder, to ask a question, you can either type it in the Q&A chat box, or you can click on the Raise-Hand button. Gentlemen, please go ahead.

**Mayank Baxi** Hello, everybody. Welcome to the Humansoft Quarter Three 2023 Results Conference Call. I hope you and your loved ones are keeping safe. Thank you, team at EFG, for facilitating this call. I am Mayank Baxi, Board Member at Humansoft Holding Company, along with CFO, Mr. Anup Dhand. Together, we would like to briefly mention some of the key highlights of Q3 2023 and then run through the Q3 2023 financial highlights. And at the end, we will 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. Humansoft does not assume any obligation to update such views or statements nor make any announcements regarding any revised circumstances.

Humansoft continues to focus on preserving its academic achievements.

Coming to some of the non-financial key event highlights and achievements during Q3 of 2023, we are happy to inform that AUM and ACM have started the new academic year with 2,924 new students at the beginning of the Fall 2023 semester, thus taking the total enrolled students for the Fall 2023 semester to 13,425. There were no new majors added during the Fall 2023 semester. For the start of nursing and nutrition, we are waiting to hear from PUC.

AUM has been ranked number one university in Kuwait and 25th in the Arab region in the latest QS Arab Region University Rankings, in which the university is steadily advancing from number 34 in 2022 to number 25 in the current rankings of 2024.

Several events were held on campus, demonstrating our commitment to sustainability and social responsibility on campus and beyond, encompassing Sustainable Development Goals and Environment, Social and Corporate Governance.

All these initiatives and achievements enable us at AUM and ACM to remain as the institutions of first choice and, at the same time, enable them to be robust to withstand challenges that may arise in this journey.

With this, now I would like to invite Mr. Anup Dhand, CFO of Humansoft, to give a brief about Q3 2023 financial highlights. Over to you, Anup.

**Anup Dhand** Thank you, Mr. Baxi, and a good afternoon to all the attendees. I am Anup Dhand, CFO of Humansoft, and I would like to present the financial highlights of Q3 2023.

As disclosed on Boursa Kuwait, provision is made against receivables from PUC for library and internet subscription and student activities fees for Spring 2023 and Summer 2023 semesters. In Q3 2023, provision is also made on the same lines for the recognised revenue of Fall 2023. Total provision amount as of 30 September 2023 was KD 1.65 million. The work is underway with the PUC to review this decision. As of now, there are no further updates on the same.

Nine-month 2023 revenue of KD 58.2 million was lower by 7% in comparison with nine-month 2022 revenue of KD 62.6 million, mainly due to the changes in the academic calendar in Q1 2022 and lower revenue for Spring 23 and Summer 23 semesters. For more details, you can also refer to the revenue recognition slide on page 17 in our investor presentation.

Nine-month 2023 EBITDA of KD 32.2 million was lower by 22% in comparison with nine-month 2022 EBITDA of KD 41.4 million.

Nine-month 2023 net profit of KD 30.2 million was lower by 20% compared with KD 37.9 million for nine months of 2022.

Net profit margin for nine-month 2023 was 52% and EBITDA margin for nine-month 2023 was 55%.

The earnings per share was 237 fils during nine-month 2023 as compared with 296 fils during nine-month 2022.

Nine-month 2023 results in comparison with nine-month 2022 were impacted mainly due to three reasons:

Lower revenue in nine-month 2023, one-time higher G&A expenses in Q1 2023, and provision made on account of library and internet subscription and student activities fee.

Humansoft had a net cash position of KD 59.6 million as at 30 September 2023.

Total equity was KD 115.3 million as at 30 September 2023, and the annualised return on the average equity for nine-month 2023 amounted to 32%.

Total assets was KD 156.3 million as at 30 September 2023, and the annualised return on average assets for nine-month 2023 amounted to 26%.

Humansoft's fortress balance sheet, high return on average assets and high return on average equity provides protection and resilience and enables Humansoft to withstand any future stress events.

With this, we now open the floor for questions and answers. We request that you please introduce yourself with your name and the institution you represent when you have any questions. Thank you. Over to you, Hatem.

**Hatem Alaa** Thank you, gentlemen. As a reminder again, to ask a question, you can either click on the Raise-Hand button and unmute your line or you can type your question in the Q&A chat box. Again, you can either click on the Raise-Hand button or type your question into the chat box. We'll take the first question from the line of Thomas Mathew. Your line is open.

**Thomas Mathew** Thanks for taking my questions, and thanks for the call. I just have a couple of questions on your enrolment numbers. Could you just give us a sense of the number of new students that were enrolled in the current Fall enrolments for both ACM and AUM, and probably the corresponding number for the previous Fall, and also the number of students that have migrated from ACM to AUM for this Fall and the previous Fall? That's the first question.

And the second question is on the provision that you've taken. Just trying to understand the accounting behind both scenarios playing out in terms of whether the reversal happens from the PUC, and otherwise, where those fees stay at the lower KD 25 per credit. Thank you. Those were my questions.

**Mayank Baxi** Thank you, Thomas. For the Fall 2023, the new enrolments stand at 2,924, wherein AUM is 2,160 and ACM is 764. The corresponding figure last year was total of 3,391, wherein AUM was 2,640 and ACM was 751. Regarding the transfers from ACM, around each year, we take a transfer of about 300 students from ACM to AUM. I do not have on hand the exact number of the transfers for last year and this year in comparison, but more or less, the average is around 300.

Regarding the provision, the way it works is, as of now, when we recognise the revenue, additionally, the receivable entry is created, and therefore, that receivable needs to have a provision made as doubtful debt, as we follow the accounting standards. And as and when any collection against that provision is received, the provision will be reversed and the corresponding effect in the P&L will be made. That's what has been also done for the reversal due to the collection of Fall 2022. I hope that clarifies your question.

**Thomas Mathew** Very helpful. Very clear. Thank you so much, Mayank.

**Hatem Alaa** Okay, we'll take the next question from the line of Hessa Al Amiri. Your line is open. You can unmute yourself.

**Hessa Al Amiri** I have actually a couple of questions. My first question is, if I'm not mistaken, I think your retained profits are around KD 85 million, which is quite a large amount, if I'm not mistaken. And I'm just curious to know what your vision is for this large amount.

How are you planning to use it? Is it going to be through investment in certain things to achieve good returns through a clear vision for the company, or is there any other plan? Because I really believe that using these profits, or at least parts of them, to support future distributions is vital in terms of the situation of the share itself.

And my second question is, I asked at the last conference why you don't have a market maker. And I was, I think, responded by we're studying the proposition.

And I've noticed in every AGM, in every conference we have, this question keeps coming up. I was just wondering why it wasn't implemented. Is there any reason behind where you think that it wouldn't be a good idea? Because I really can't see any reason why this should not be something that you guys look for in the future, at least. Yes, that's it. Thank you so much.

**Mayank Baxi** Thank you, Hessa. First of all, in terms of the cash balance, let me clarify. As of 30 September, the cash balance is around KD 60 million. Sure, what you see at the year-end in December will be maybe a little more than this. Usually, you have seen that over the past several years, our dividend payout has been almost KD 49 million out of this cash that we carry. And yes, that still leaves something like a KD 35 million order as available cash.

Part of this cash is definitely for maintaining a smooth working capital requirement, because what you see as cash balance is on a particular date, but the collection cycle from PUC is always stretched over four to five months. And so during that interim, we definitely need to ensure that our working capital is not hampered.

Nonetheless, we do have spelt out in the previous annual report that the company is looking at long-term and short-term opportunities to see how the cash and the potential growth prospects can be looked at. As of now, we do not have any specific items wherein we can discuss more about it.

Regarding the market maker, I do recollect you have raised this earlier and at AGM as well. And we mentioned to you during the last call that we are studying it. We have been looking at it. In Kuwait, there are a few market makers, so we need to evaluate and study exactly which is the one appropriate and how do they operate. But as of now, we haven't yet, signed off with anyone.

**Hessa Al Amiri** Thank you so much.

**Hatem Alaa** Thank you. We'll take the next question from the line of Ankur Agarwal. Ankur, your line is open. Ankur, please go ahead.

**Ankur Agarwal** Can you elaborate on why the revenue declined significantly? So is it enrolment-driven or for something else, Summer courses or anything else we should be aware of for the reason for the revenue miss, really, is my first question.

My second question really is that if you look at enrolment numbers over the last two, three years, your total enrolments have been trending down, if you consider outflow as well, despite new majors being added. So what is the plan to turn this around?

**Mayank Baxi** Thank you, Ankur. Regarding revenue decline, as we spelt out in the opening remarks, the first quarter of 2023 had a lower revenue compared with last year because of the spillover effect from the academic calendar changes that were there due to the COVID situation. So that was contributing to almost 5% on the quarter one itself.

And thereafter, in the Spring semester and Summer semester, we have graduations happening after the Fall semester and then after the Spring semester. Now, the graduation cycle resulted into higher graduation numbers compared with the earlier years. And as a result of that, there was a comparative lower revenue during the Spring semester and the Summer semester.

I may also add here, the Summer semester is an optional semester, and the previous years' Summer semesters used to get higher enrolled students due to COVID and students thereafter had to finish off their graduation cycles. All three of these together had the overall impact of about KD 4.5 million reduction in the revenue when you compare the same with nine-month period of last year.

Regarding the total enrolment remaining more or less flat or a little lower this year, let me reiterate, we always maintained that both qualitative and quantitative growth are very important for the long-term sustainability. During the past two years, a lot has been accomplished in terms of qualitative growth.

And that may not get reflected immediately in the quantitative numbers, but it is very well reflected in the consistent number one ranking in Kuwait that we have achieved at AUM, and the advancement in the rankings which was achieved from 34 in 2022 to 25 in the year 2024 in the Arab region.

Yes, we do understand the concern regarding the total enrolled students remaining the same, and we have been working towards enlarging the offering through introducing new majors. And that will be the strategy in the short-term to try and reach out to a wider spectrum of students. At the same time, you would have seen that the company has tried to work towards its efficiency

improvements, and the margins have been much better, even when you compare with the normal year and the Q3 of 2023.

If you look at on the other hand, our enrolled students or the new enrolled students, vis a vis the total high school graduates, we have maintained more or less a ratio of about 7% to 8%, which has been consistent. So we are not losing on any market share or as such. But we want to ensure that the students who enrol at AUM and ACM are the quality of students that we want to maintain that kind of standards. We'll continue to focus on our short-term and long-term plans, as was spelt out in the earlier annual report.

**Ankur Agarwal** All right. That's helpful, Mr Mayank. Thank you, sir. Thank you.

**Hatem Alaa** We will take the next question from the line of Nishit Lakhotia. Please go ahead.

**Nishit Lakhotia** I've got a couple of questions. First, on the accounting for the internet subscription fee, I know you are booking the revenue and then taking a provision against it. But I wanted to understand, yes, the legal aspect of what the situation is. Do you have a legal recourse with the government or the authority who is going to pay you, that they have to pay the old amount and not the new amount?

Or on what basis are you booking a rate which they have already said they're not going to pay, and then booking a provision against it? Wouldn't that be a bit of aggressive accounting, to push up the revenues which is not really being accrued based on your terms? So that's my first question.

Second is on the overall student trajectory, just following up with this number. Now we expect more and more students to graduate, and your intake is going soft. So should we expect that because you're focusing on quality and not on quantity for now, we could expect a possible decline of the overall students in the system to, say, 12,000-12,500 in the next few years as more graduate and less come in?

And within that, self-pay students, we've seen a smaller portion of self-pay students coming in. Are these non-Kuwaitis under the self-pay? And is there an issue of family visa also affecting this particular portion of the intake?



And finally, on the dividend, are you open to giving more than 100% pay-out to maintain your old dividend levels, or your dividend will depend on the earnings which is falling right now? And so how do you look at that. Thank you.

**Mayank Baxi** Thank you, Nishit. Regarding the accounting method, see, as of now, as we have disclosed in the Boursa, and our stand is that we are pursuing this matter with PUC. And you'll notice that the Fall 2022 money was received. Still, there is no decision regarding the subsequent payments.

And the reason for ensuring that the revenue is booked on a gross level is to make sure that in our books, we do not write off the receivable from the very beginning, because we are still pursuing the claim. And for that reason, we are taking the full 100% provision. So there is no question of either inflating the revenue or anything of that kind. But we are trying to maintain our stand about the follow-up that we are pursuing till the final outcome is achieved on that.

Regarding the graduate cycle, yes, more or less, the graduation is around 3,000 students on an annual basis. And going forward, the way to look at it is we will try to ensure, to preserve the total enrolled students and the quality that we have achieved so far. So no question of going and compromising on that, for sure.

But as I mentioned in the previous question that was raised on similar lines, that we are working towards looking at additional majors and how do we diversify the reach to different students who may not be right now the audience for our AUM/ACM majors. And that will be the way to try and make sure that, we achieve and preserve what is being achieved and try to look at it qualitative wise as well as quantitative wise, how we can grow.

And at the same time, you have to understand that in spite of new universities that have come up in the last couple of years, our share from the total high school graduates has not declined. So that is something where we feel that this qualitative Investments that we do on qualitative aspects is helping us to attract the best quality students.

Coming to the dividend issue, dividend, we will be taking a call at the end of the financial year. And it will be decided at that time on the basis of the recommendations from management, and the board will decide accordingly. As of now, I may not be able to answer this, because still, the year is not over as yet. Thank you.

**Hatem Alaa**

Okay, thank you. I'll take the question from the line of Hettish. Your line is open.

**Hettish**

Okay. So we have significant concerns about the future outlook of Humansoft, starting from the drop in revenue and the number of students, followed by increasing cost. Then we have the government reduction of these ancillary fees and, going forward, the impact coming from the new universities which are coming online. As you said, they are currently new, so that they don't have that reputation, but reputation builds over time, there will be more flow of students to new universities as well.

So these all concerns are pretty visible in the financials of the company as well in that the revenue has dropped. The net profit has dropped as well. And another concern which arises from there is that why is the company not thinking of growth outside of Kuwait? You are sitting on substantial sizes of cash. Why has Humansoft never thought of going outside of Kuwait, acquiring colleges or schools somewhere to complement the growth, rather than sitting on cash and paying out dividends and waiting for the revenue to continue to drop over the years?

**Mayank Baxi**

First of all, let me correct you. You are comparing the last two years' revenues, where a lot of disruptions were there in the academic calendar. And that revenue or the profit or the margins are not comparable. We have been mentioning this, and you may refer to slide 17, wherein it shows the fluctuations arising in the revenue due to the changes in the academic calendar.

So let's be clear there. If you look at a standard year of 2019 and take the average in between the COVID years, then the revenue has been not dropping. It, as a matter of fact, has grown. Even in terms of margins, the margins have improved. In 2019, the margin was 49%, and for the three quarters of 2023, the margin is 52%, and that is in spite of the fact that we have taken a provision about the receivables regarding the PUC reduction of fees on account of the library and internet fees.

But nonetheless, yes, we have been looking at opportunities to see where and how we should be looking at growth in the coming future. But as of now, we feel that we have not yet fully exploited the opportunities that exist for the AUM and ACM

within Kuwait. And that is what is going to generate better results for the investments that you do.

And the opportunities that will arise because we are studying new majors and the kind of current market share that we have in terms of the total graduates from high schools are, say, around 32,000-33,000. We are enrolling 2,900 students or 3,000 new students. So there is an opportunity first to look at within Kuwait, where and how that can be enlarged, rather than going and investing money outside of Kuwait.

I think we can take the next question.

**Hatem Alaa** Thank you. I think the next question is from the line of Ahmed. Please unmute yourself, Ahmed.

**Ahmed** Hi, gentlemen. Always great to speak with you. So I have a few questions to follow up on some of the questions and answers that were given. So the first one is on enrolment. You mentioned that you've maintained your market share, yet the numbers are down. So what this actually means is that the number of graduates is declining.

So I'm just curious. Is this a trend, or it's just coming off of COVID-19, and therefore, this is the normalisation? I'm just trying to understand what's happening on the K-12 level, since you guys probably have a better view on what's happening there.

The second question, as you rightly outlined, there's a lot of opportunity in Kuwait. Your market share can still grow into a lot of majors. And you've announced the nutrition and the nursing programmes, which are delayed. So maybe an update on when that should come online and how much new students do you expect over the first year and in total.

And then, thirdly, you mentioned new opportunities and new majors. And as you mentioned, it's the right thing to do, especially if there's a lot of new universities coming out in Kuwait and the government is pushing for these. So the question here is, what are these new majors that you are contemplating?

And my final question is on margin. It's my last one. The gross margin was exceptionally better this quarter, and it seems to be driven by staff or PTR ratio or less inflation in the salaries. So I'm just curious. How are you maintaining these

low salaries or maybe a high PTR ratio? I'm not sure how you're keeping these very high margins, and what is the trajectory. Are they sustainable or not? Thank you so much.

**Mayank Baxi** Well, you listed out too many questions in between. If I miss out, do remind me. But let me come up with the first question. Yes, the high school graduates, if you see the trend in 2021 and 2022, was a bit higher because of the COVID, and the exams were online instead of paper-based exams.

Now, that number is now getting back to normalcy. And that is one of the factor that you have seen, that we have maintained the share of high school graduates, but still, the new enrolled numbers were a little lower. That is the COVID-19 effect, if I put it correctly.

Now, in terms of our application for the nursing and nutrition, we are pursuing it. As of now, still the final approval is awaited. Once it is issued, we will be able to announce when we can offer them. Usually, in any new major, when we introduce, we start with an initial humble beginning of, say, 50 to 100 students at the max in the early years. And thereafter, each of these majors have an ability to stabilise at anything around 250 students. So if you look at a five-year cycle at AUM, then these majors have an opportunity of around 1,250 students each.

Now, in terms of other new majors, it's an ongoing process. You know there is so much of new development happening around the globe, in IT industry, in the energy and several other areas. So it's important that our continuous efforts are there towards looking at what kind of sustainable new majors will be there, going forward.

As of now, there is no specific identified major that I could discuss as a decision or as an opportunity that we are looking at. But it is important to continuously look at such trends, and thereafter, looking also at a sustainable level. We'll try and look at it in more detail and apply accordingly.

For the margins, you had mentioned that, yes, our ratios have improved in the nine months of 2023. Here, you have to understand that some of the majors that were introduced in the last three or four years back, has now started to now get into maturity. And therefore, the utilisations that we see there are better, and therefore, the efficiency of utilising the faculty, classroom, etc. improves.

So that is the factor there in terms of the improvement or the margin comparison, if you are looking at nine-month cumulative, or comparing, I think, quarter on quarter, I guess, that could be the reason. Otherwise, we are quite consistent in our margins at the gross level.

**Ahmed** No, that's great. That's very helpful. Thank you so much. Maybe just one follow-up on the last question, on the gross margin you mentioned. Just how sustainable is that? Because you've reached maturity. But if population starts to decline slightly while you ramp up new majors, do you think we should see that decline from the levels we're seeing today?

**Mayank Baxi** As of now, we don't see a major impact coming on the factors that you mentioned. It is a continuous process. We try to look at opportunities for wherever process improvements can be achieved, wherever still the utilisations can be improved. We work towards that. So as of now, I don't see a major threat there.

**Ahmed** Okay, got it. Thank you so much.

**Hatem Alaa** We'll take a question from the line of Admire. Your line is open. Admire, your line is open. Go ahead.

**Admire** So I have a couple of questions. The first one is that for the new enrolment for 2924, how many are on scholarships and how many are paying out of pocket? Then the second question is I'm just trying to understand your business model. So you have 2,924 new students, and you've got 10,500 returning students. Do they pay the same fees, or the newer enrolments would maybe pay higher to take into account the inflation? And if so, what is the allowed annual fee increase for the returning students?

The third question is a follow-up on other questions in terms of high school graduates. what's the absorption rate in terms of higher education? If you say 1,000 high school students graduate, and then how many go into higher education and how many go to other routes? And then the final question is just to say, from your 13, 500 students, what does that translate to in terms of capacity utilisation? Thank you.

**Mayank Baxi** On an average at AUM and ACM, the scholarship students are about 92% - 93% from the total.

And in terms of the business model, new students who join in, Almost 95% have to do one year of foundation, wherein we prepare them for English and Maths to come up to the standards that are required for the graduation courses. And in that context, the fees for the foundation level are flat fees for the annual basis at KD 4,500 for AUM and KD 4,000 for ACM, whereas for the undergrad programme, it is based on the number of credits the student would take. And for the Engineering School at AUM, the tuition fee per credit hour is KD 260, and for the Business School, the fee is correspondingly KD 240. And at ACM, the students pay a fee of KD 190 per credit hour. Now, their fees on an annual basis will depend also on the number of credits they take during the year.

For the high school graduate absorption rate, more or less, if you look at Kuwait overall market, say, if I take this 2023 as a base, roughly around 41,000-42,000 students would have graduated from high school. Now, let me just give you a caveat here. These numbers are from the various newspaper and other published data.

We do not have any authentic sources in Kuwait to confirm these numbers. But our research and our team gathers this from various sources, which could be newspaper or some other relevant sources. So some margin of error could be there, but more or less, it will fall through like this.

So when I mentioned that graduation of about 41,000 - 42,000 students, the Kuwait University has taken around 9,000 students. There are about 3,800 students who have been enrolled on foreign scholarships. Local scholarships were around 6,100. And there is a two-year government programme which is equivalent to our ACM, what we do here. The government has a much bigger-scale operation for the Diploma programme, wherein around 17,000 students were absorbed. And then the remaining could be expats or students who will not pursue any further studies.

For the capacity, our current capacity on an operational basis is around 14,000. Our campus has land enough to go up to 21,000 students, provided we build further to the requirement. The operational capacity is about 14,000. And the infrastructure, facilities like the library, research building or even the convention centre, the sports centre, etc. are done to the maximum. So what will be required is to add, as and when we have the necessity, some classroom and lab capacity.

**Admire** Okay, thank you.

**Hatem Alaa** Yes, thank you. For the purpose of time, I'll share some written questions from the chat. A question from Osman Siddiqi. How many students have graduated this year, and how many new students enrolled this Fall? I think you answered the second part. The question is how many students graduated?

**Mayank Baxi** Close to 2,700 students have graduated in the academic year 2022 - 2023.

**Hatem Alaa** Okay, thank you. Next question is from Christopher Solomon. Do you have visibility on when the application for approval for nursing and nutrition will come?

**Mayank Baxi** As of now, we do not have a specific date. Our team is following up, but there is no specific date available.

**Hatem Alaa** Okay. A question from Mohamed Kamal. Can you please comment on scholarship allocations and self-paid student enrolments? What is the outlook for 2024 for enrolments?

**Mayank Baxi** The scholarship and self-pay students, the PUC has their guidelines for the scholarship for the Kuwaiti citizens, and they follow the guideline, accordingly, depending on the student's choice of major, choice of institutions. And thereafter, they grant them the scholarships. The self-pay students are the students who may not qualify for the scholarships, be it Kuwaitis or non-Kuwaitis. And they could be coming from various families staying within Kuwait. We do not have anybody coming from outside of Kuwait.

**Hatem Alaa** Okay, thank you. There was a question from Abdul Aziz. Q3 saw a significant increase in advertising and promotion costs to KD 1.2 million, while usually advertising spending is the highest in the second quarter, with this quarter being the highest quarterly spend in years. What is the reason for both the higher spend and the change in timing?

**Mayank Baxi** See, this year, if you see, the Fall semester started in mid September. And the advertisement expenses during the Q3, if you look at the total selling expenses, then there is a provision also for the doubtful debts which get

reflected in the grouping of sales and general expenses. So if you remove that, then there may not be a major fluctuation or increase.

**Hatem Alaa** No, I think his point is that, I think, this quarter, there was a reversal in provisions. So actually, if we remove that, the increase is even higher.

**Mayank Baxi** No, see, there is reversal, but then you have to also add the Summer and related to the September revenue proportionate provision for the Fall semester. So all in all, that will on the net, have some advantage.

The advertisement and sales promotion expenses in that are related to the activities that would have been done during the Q3, because Q3 is from July to September and the enrolments continue until the start of the semester. So our spending is necessarily to make sure that we try to reach out to the maximum number of students until the start and related attracting to the new enrolments.

**Hatem Alaa** Okay. Thank you very much. There seem to be no further questions at this stage. Thank you very much, Mr. Baxi and Anup, for your time today.

**Mayank Baxi** Thank you, Hatem. Thank you. Thank you, everyone.

**Hatem Alaa** Thank you, everyone, for your time, and this concludes today's call. Thank you very much.