

Shifa
International
Hospitals Ltd.

A YEAR OF PANDEMIC

TELECONSULTATION

LOCKDOWN

SOCIAL DISTANCING

ANNUAL REPORT
2020

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PATTERN OF SHAREHOLDING

PROXY





OUR MISSION

HEALTHCARE WITH COMPASSION FOR ALL

OUR VISION

TO BE THE REGION'S LEADER BY PROVIDING QUALITY HEALTHCARE SERVICES

OUR VALUES

COMPASSION, COMMITMENT, TEAMWORK, QUALITY, RESPECT AND ACCOUNTABILITY

OUR STRATEGIC PRIORITIES

- ▶ PHYSICIAN PARTNERSHIP AND ENHANCED CLINICAL QUALITY
- ▶ PROVIDE SEAMLESS/EASY ACCESS CARE DELIVERY
- ▶ FINANCIAL STRENGTH/VIABILITY
- ▶ STRATEGIC GROWTH

COMPANY INFORMATION

Board of Directors

Dr. Habib-Ur-Rahman	Chairman
Dr. Manzoor H. Qazi	CEO
Mr. Muhammad Zahid	Director
Mr. Shafquat Ali Chaudhary	Director
Mr. Qasim Farooq Ahmad	Director
Dr. Samea Kauser Ahmad	Director
Syed Ilyas Ahmed	Director
Prof. Dr. Shoab Ahmed Khan	Director
Dr. Mohammad Naseem Ansari	Director
Mr. Javed K. Siddiqui	Director

Audit Committee

Syed Ilyas Ahmed	Chairman
Dr. Habib-Ur-Rahman	Member
Dr. Samea Kauser Ahmad	Member
Mr. Javed K. Siddiqui	Member

Human Resource & Remuneration Committee

Syed Ilyas Ahmed	Chairman
Dr. Habib-Ur-Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Mohammad Naseem Ansari	Member

Corporate Governance & Nominations Committee

Mr. Muhammad Zahid	Chairman
Dr. Habib-Ur-Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Samea Kauser Ahmad	Member
Mr. Javed K. Siddiqui	Member

Corporate Governance & Nominations Committee

Mr. Muhammad Zahid	Chairman
Dr. Habib Ur Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Samea Kauser Ahmad	Member
Mr. Javed K. Siddiqui	Member

Risk Management Committee

Mr. Qasim Farooq Ahmad	Chairman
Prof. Dr. Shoab Ahmed Khan	Member
Dr. Mohammad Naseem Ansari	Member

Chief Operating Officer

Mr. Taimoor Shah

Medical Director

Dr. Zeeshan Bin Ishtiaque

Chief Financial Officer

Mr. Ahmad Sana

Company Secretary

Mr. Muhammad Naeem

Head of Internal Audit

Mr. Muhammad Saeed

Auditors

M/s Grant Thornton Anjum Rahman
(Chartered Accountants)

Legal Advisor

M/s Bashir Ahmad Ansari & Company

Bankers

Meezan Bank Limited
Al Baraka Bank (Pakistan) Limited
United Bank Limited
Habib Bank Limited
Faysal Bank Limited
MCB Bank Limited
First Habib Modaraba
Askari Bank Limited
Dubai Islamic Bank Limited
Bank Al Habib Limited

Registered Office

Sector H-8/4, Islamabad

Share Registrar

M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore



FINANCIAL HIGHLIGHTS

DURING
THE YEAR
2020

EARNING
PER SHARE

Rs. 8.18

Rs. 158.1
Million
CASH DIVIDEND

Rs. 15,259
Million
TOTAL ASSETS

4.16%
NET PROFIT
MARGIN

7.53%
RETURN ON
EQUITY

1.32
Times
CURRENT
RATIO

34:66
DEBT EQUITY
RATIO

Rs. 1,125
Million
CONTRIBUTION TO
NATIONAL
EXCHEQUER

A dark, modern office chair is the central focus, set against a background of vertical light panels. The scene is dimly lit with a strong blue color cast, creating a professional and serene atmosphere. The chair's backrest is prominent, showing horizontal ribbing. To the right, a portion of a desk and a microphone are visible, suggesting a meeting or conference room setting.

BOARD OF DIRECTORS

DIRECTORS' PROFILE



Dr. Habib-Ur-Rahman
CHAIRMAN

Dr. Habib-Ur-Rahman graduated from King Edward Medical College. He received his internal medicine training at D. C. General Hospital, Howard University, Washington D.C. and Wayne State University, Detroit, Michigan and Wright State University, Dayton Ohio. He completed his fellowship of Cardiovascular Disease from Mount Sinai Hospital, University of Connecticut, Hartford, Connecticut. He is Board Certified by American Board of Internal Medicine and also American Board of Cardiovascular Diseases. He has extensive experience in cardiology as well as in education, training and management. He has been Consultant Cardiologist and Head of Cardiology at Graham Hospital, Canton, Illinois and later at Byrd Regional Hospital at Leesville, Louisiana in USA. In addition to teaching experience in Wright State University, Connecticut he is presently Associate Professor of Medicine and Cardiology at Shifa College of Medicine. He has been member of different scientific councils and committees including Pakistan Lifesavers Foundation, Pakistan Cardiac Society and Faculty of Cardiology, College of Physicians and Surgeons Pakistan. He is among the founding members of Shifa International Hospital and Shifa Foundation. He is also a Board member of Shifa Foundation which is a non-profit, charitable organization involved in the treatment of non-affording and less privileged patients as well as active in medical education through Shifa College of Medicine and Shifa College of Nursing.



Dr. Manzoor H. Qazi
CHIEF EXECUTIVE OFFICER

Dr. Manzoor H. Qazi is a founding member of Shifa International Hospital and has been a board member since its inception. He was appointed as Chief Executive of the company on 10th October 2011. He received his medical degree from King Edward Medical College Lahore. Later he was trained in USA at Little Company of Mary Hospital in Chicago and Flushing Hospital in New York for Internal Medicine and later in Louisiana State University for Cardiology. He is Board certified in Internal Medicine and Cardiology from American Board of Internal Medicine and Cardiology. He has an extensive experience of practice of cardiology as well as administration and management. He was Consultant Cardiologist and President Medical Staff at Byrd Regional Hospital, Leesville, Louisiana for several years. He has also served as President of local chapter of American Heart Association and State Medical Society. He previously has been fellow American College of Cardiology, American Chest Physician and American Board of Quality Assurance and Utilization Review for Physicians. He was actively involved in the initial planning and founding stages of Shifa and later on in the management of the Hospital and has been Medical Director of Shifa International Hospitals Limited since its conception, through planning and implementation until when he accepted the position of Chief Executive Officer. He is also member BOG of Shifa Foundation, a non-profit organization involved in healthcare for poor and medical education i.e. Shifa College of Medicine and Shifa College of Nursing.

DIRECTORS' PROFILE



Mr. Muhammad Zahid
DIRECTOR

Muhammad Zahid has versatile healthcare professional experience and is one of the founding members of the team that conceived and built Shifa International Hospitals Limited. His association with Shifa dates back to 1985 when a group of Pakistani Americans, mainly healthcare professionals, started developing the idea of a world-class hospitals chain in Pakistan the country of their origin. A graduate of University of Karachi Pakistan with major in pharmaceutical sciences, Zahid's expertise and practical career encompasses diversified areas including Healthcare Projects, Hospital Management and Leadership Development. He established and successfully ran healthcare related businesses in the USA for over 30 years. Simultaneously he remained associated with the landmark project of Shifa International Hospitals Islamabad; He played a role in different capacities ranging from roles in administration to major contribution in strategic development and growth of the Hospital as a member of the Board of Directors. As a founder member, he closely worked with Centre Research Inc. (a hospital design consultant firm in Princeton, New Jersey) in the design and development of the initial plan of the hospital to ensure realization of the founder team's concept. This involvement continued till the development of a master plan in 1989. Zahid then moved to Islamabad and gave valuable and lasting input in the development of business processes, procedures, systems development in different areas of the hospital, leadership development at different and diversified levels till 1997. His contribution in the development of this new hospital had far-reaching impact on the growth of the organization in the days to come and was highly commended by his colleagues. His strong business acumen has always been a phenomenal strength for the Board of Directors of Shifa International Hospitals. He is Executive Director and his role involves Strategic Planning and Business Development.



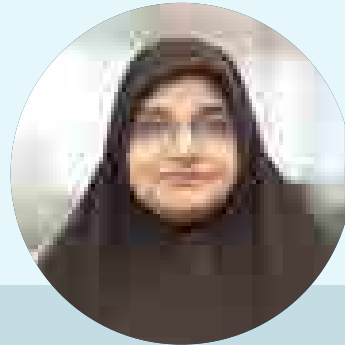
Mr. Shafquat Ali Chaudhary
DIRECTOR

Mr. Shafquat A. Chaudhary earned a B.Sc. degree in Electrical Engineering from West Pakistan University of Engineering and Technology and an M.Sc. degree in Industrial Engineering from the Polytechnic Institute of Brooklyn, USA in 1973. Though he holds two impressive engineering degrees, he assumed control over his destiny by transforming himself into an entrepreneur. He secured an insurance brokerage license and in 1978 opened Triboro Brokerage Inc. : the first taxi medallion and insurance brokerage business owned by a South Asian American. In 1986, he founded Elite Limousine Plus Inc. which today is one of the largest, privately owned, executive transportation companies in the tri-state area and an established leader in developing and applying state-of-the-art technology in this industry. As a true entrepreneur, Mr. Chaudhary over a period of time pursued various other business ventures. However, in 2001, Mr. Chaudhary founded SoundView Broadcasting and expanded into cable and satellite television broadcasting business. Headquartered in Long Island City, NY, SoundView operates a 60,000 SF television facility to provide production, transmission and distribution services for international TV channels originating overseas and broadcast in the United States, Canada and Europe. Currently, SoundView Broadcasting is the exclusive licensee for 25 TV channels that are being transmitted from India, Pakistan, Bangladesh, Africa and France (Paris). Mr. Chaudhary still manages to find the time to devote his energies and financial resources to charitable organizations which promote and foster traditional family values and social responsibility. He is president of the Society for International Help, a U.S. based not for profit organization that through Tameer-e-Millat Foundation operates over 400 schools for poor children in remote areas of Pakistan. He is a shareholder and Director of Shifa International Hospital, Islamabad, Pakistan. In addition, he is a founding shareholder and Director of Sialkot International Airport. He is also the owner and founder of Elite International School, Islamabad.



Mr. Qasim Farooq Ahmad
DIRECTOR

Qasim Farooq Ahmad brings young blood and new dimension to the Board of Shifa International Hospitals. He did his Bachelor of Science in Information Systems and Bachelors of Arts in Economics from Stony Brook University, Stony Brook NY. He furthered his education with a Master of Science degree in Computer Science from Columbia University, New York, in 2007. He has over 12 years of diverse experience in the technology sector focusing on production systems engineering with a strong background in software engineering. This includes 7 years of extensive experience working with high volume financial and reporting applications for companies on Wall Street such as Lehman Brothers and Barclays Capital. Current major responsibilities include change management, incident management, performance planning, capacity planning, business continuity planning and disaster recovery, Sarbanes Oxley compliance and vendor management for all Fund Systems which includes the Front, Middle and Back Office applications. His previous experiences as the lead developer for the NYC Law Department include analysis, design, development and implementation of different technical projects.



Dr. Samea Kauser Ahmad
DIRECTOR

She is a graduate of Ayub Medical College. She is actively involved in voluntary work in different organizations in USA including Islamic Center of Tampa, Florida and Islamic Center of Las Vegas. She has interests in certification in healthcare information technology and has been helpful in guiding the administration and the Board Members for the future directions of the corporation. She has been a good resource for Shifa International Hospital. Recently she has been involved in fundraising for Tameer-e-Millat Foundation, an NGO working for spreading the education in rural areas of Pakistan. She had also taken part in helping earthquake and flood victims. She is also member Board of Governors of Tameer-e-Millat Foundation.

DIRECTORS' PROFILE



Syed Ilyas Ahmed
DIRECTOR

Syed Ilyas Ahmed has a long and illustrious career spanning over 45 years in healthcare management and its implementation. He has served in different capacities; Secretary, Scientific Governing Board and Head of Administration in Salahuddin University Hospital, Tripoli, Libya. After returning to Pakistan, he joined The Kidney Center, Karachi as its Chief Executive (1993 – 2000). Later he proceeded to Islamabad in Shifa International Hospitals Ltd and accepted the post of Chief Operating Officer (2001 – 2005). At present he is Chief Advisor Operations at Tabba Heart Institute, Karachi. During his phenomenal professional tenure, he successfully managed premier healthcare facilities, both in Pakistan and abroad. His acumen includes but not limited to, strategic planning, policies and procedures, budgeting and fiscal control, human resource, public relations and quality assurance management. Mr. Ahmed, during his university days was a Badminton Champion and accomplished Debater, Gymkhana Secretary and Magazine Editor of University of Karachi (1968-72). He was President of Sind Pharmacy Graduates Association (1970-72). He plays golf and has a refined taste in literature and shows keen interest in a wide range of aesthetic disciplines including culture and history.



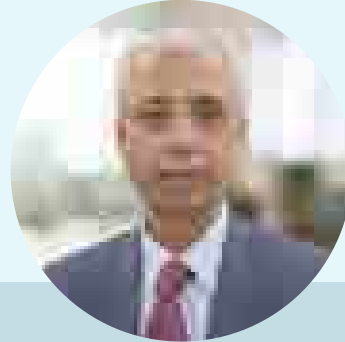
Prof. Dr. Shoab Ahmed Khan
DIRECTOR

Dr. Khan is a Ph.D. in Electrical and Computer Engineering from Georgia Institute of Technology, Atlanta, GA, USA. He is an inventor of 5 awarded US patents and has 260+ international publications. His book on Digital Design is published by John Wiley & Sons and is being followed in national and international universities. Dr. Khan has more than 22 years of industrial experience in companies in USA and Pakistan. He has been awarded Tamgha-e-Imtiaz (Civil), National Education Award 2001 and NCR National Excellence Award in Engineering Education. He is the founding member of Center for Advanced Studies in Engineering (CASE) and Center for Advanced Research in Engineering (CARE). CASE is a engineering institution that runs one of the largest post graduate engineering programs in the country and has already graduated 34 PhDs and more than 1600 MS in different disciplines in Engineering. Whereas CARE, under his leadership, has risen to be one of the most profound high technology engineering organizations in Pakistan developing critical technologies worth millions of US dollars for organizations in Pakistan. In last four years CARE has made history by winning 12 PASHA ICT awards and 10 Asia Pacific ICT Alliance Silver and Gold Merit Awards while competing with the best products from advanced countries like Australia, Singapore, Hong Kong, Malaysia etc. Dr. Khan is Chairman of Pakistan Association of Software Houses (P@SHA) and is a member of Board of Governance of three entities in the Ministry of IT and Commerce. He has also served as member of National Computing Council and National Curriculum Review Committee. He is also a Professor of Computer Engineering at NUST College of EME. His book of Urdu poetry is recently published with title, "Kagazi ha parahan".



Dr. Mohammad Naseem Ansari
DIRECTOR

Dr. Mohammad Naseem Ansari graduated from the Punjab University, Department of Pharmaceutical Science. He went for his post-graduate studies at Columbia University, New York City, USA and was granted a full talent scholarship. After the completion of his studies, he joined Mt. Sinai Hospital and School of Medicine, New York City for the internship and training program. He served there in different administrative capacities for about eighteen years. He returned to Pakistan in 1988 and joined Shifa International Hospitals Limited and was assigned different roles such as Director Operations, Chief Operating Officer and Chief of Special Services. He was instrumental alongwith the other members in the establishment of Shifa College of Medicine in 1998 under the aegis of Shifa Foundation. After the establishment of Shifa Tameer-e-Millat University in March, 2012 he served at different administrative positions at STMU. He is a member of the American Hospital Association and also the "Rhochi" Honor Society, Columbia University, New York City, USA.



Mr. Javed K. Siddiqui
DIRECTOR

Mr. Siddiqui is a senior Chartered Accountant, fellow member of the ICAP, a "Certified Director" and included in the panel of Directors maintained by Pakistan Institute of Corporate Governance. He has a diversified exposure of over 40 years at home and abroad in multiple industries, Mr. Siddiqui started his career in 1978 with Smith & Nephew Pharmaceutical Co., a subsidiary of a British company. During his illustrious career he has held senior management positions in various multinational, local, private and public sector large-scale organizations and a regulatory organization, as well. Among many critical roles and positions, he also served as a founding team member that was responsible for the restructuring and amalgamation process & incorporation of SME Bank Ltd, which is still the only specialized Bank catering to the needs of SME sector. On incorporation of the Bank, he additionally shouldered the responsibilities as Company Secretary. Later he moved on to the Securities & Exchange Commission of Pakistan and served for 8 years as Executive Director, heading the Apex National Regulator's Company Law Division and various other Divisions as well. Since 2013, Mr. Siddiqui is a Partner in a Chartered Accountant and consulting firm in Islamabad. He has served on the Board of a Bank's subsidiary leasing Company, as Chairman of the Board of an I.T Company, and also as Acting CEO of a public sector financial institution. He has also served on the ICAP's committee on 'Public Sector'. This committee is responsible for interacting with the Auditor General and the Controller General Accounts officials on the adoption of IPSAS and corporate governance in State Owned Enterprises among other related areas. Mr. Siddiqui is a certified trainer. He has conducted Directors Orientation Program for the Board of a financial institution, travelled widely, attended numerous conferences, seminars and workshops, and spoken on international and national forums on professional topics.

CHAIRMAN'S REVIEW



“ It is my pleasure to report that the Board remained vigilant and played an effective role in carrying forward the mission

DR. HABIB-UR-RAHMAN

The year in review for Shifa International Hospitals will be remembered for the once-in-a-century pandemic jolting not just health but also global economic structure and social norms, piercing through every facet of human life. Our mission of preserving public health and serving ailing humanity has never been more relevant. Unique characteristics of Covid virus, the pain, suffering and death it could inflict with unpredictable clinical course, very high infectivity with a threat to caregivers presented a formidable challenge to healthcare systems across the globe.

For a society and its institutions a crisis has the potential to breed uncertainty and create emotionally draining conditions. Goes without saying that Shifa became the preferred choice of a deluge of Covid victims facing life threatening complications and evolving therapeutic strategies in Islamabad and surroundings. Needed was ability to look ahead, adapt and transform at speed. With an amazing teamwork Shifa management came together to implement an effective command and control structure within the hospital to triage and screen suspected patients, allocate resources like intensive care beds and novel medications. This was made possible by management leadership and area specialists in medical staff coordinating, devising policies, maintaining supply chain, streamlining finances as the normal patient care dried up. Shifa as an organization kept a commitment to provide job security to its highly skilled and dedicated workforce.

A critical task was keeping brave frontline health workers healthy and protected. Provision of PPE was ensured in difficult conditions. We salute our staff for standing tall in this tough fight and seek Allah Almighty's *maghfirah* for our dear colleagues who fell victim to ravages of Covid illness.

Your Board of directors and senior management were exquisitely aware of the need to keep open all means of communication to learn the dynamic approach to crisis related activities and actions implemented. Our traditional alignment accentuated for keeping people focused, healthy, engaged, resilient and optimistic. It is my pleasure to report that the Board remained vigilant and played an effective role in carrying forward the mission. As we move to the next phase of pandemic with the threat of resurgence lurking in the shadows, we remain active in the national response now facilitating vaccine trial, hoping to protect the people of Pakistan.

We bow our heads in gratitude to Allah The Merciful for enabling us to be of service to His creation, for giving us unity and strength to weather the storm, for keeping us afloat through trials and tribulations. I offer heartfelt thanks to Shifa Management team, consultants, all Shifa family members, shareholders, vendors, bankers, legal advisors and auditors for their steadfastness and dedicated performance at a very difficult time.

ISLAMABAD
September 26, 2020



DR. HABIB-UR-RAHMAN
Chairman

DIRECTORS' REPORT



On behalf of the Board of Directors, we are pleased to present the financial results and brief review of operations of the Company and its subsidiaries for the year ended June 30, 2020.

Dr. Manzoor H. Qazi

Due to COVID-19 pandemic, a ban was imposed by local administration of Islamabad on the hospitals to treat OPD patients, resultantly, the revenues and cash flows for the last quarter were significantly low attributable to decreased number of patients, diagnostics and other procedures. The overall impact on decrease of revenues was approximately Rs. 1.37 billion in the last quarter of the year under review and in order to cope with this deficit in revenue the Company availed the loan facility under refinance scheme for wages & salaries of State Bank of Pakistan. After the end of last quarter of the financial year 2020, the patient inflow has increased and we expect that the operating results will improve accordingly.

OPERATING HIGHLIGHTS

The overall growth in the net revenue of the Company is 3.4% as compared to previous year. The operating cost, however, increased by 7.87% which is primarily attributable to cost & volume of supplies & medicines consumed, utilities costs, repair & maintenance, depreciation, increase in salaries, wages & benefits etc. Besides this, finance costs increased due to increase in KIBOR, implementation of IFRS-16, leases and enhancement of long-term financing. Consequently, net profit after taxation earned by the Company reduced by 35%.

During the year under review and as per the approved business plan, the Company transferred the leasehold rights in the lands and building situated at F-11, Islamabad and H-8/1, Islamabad to Shifa Medical Center Islamabad (Private) Limited and Shifa Neuro Sciences Institute Islamabad

(Private) Limited on the fair market value determined by an independent valuer. The Company recognized the gain on these transactions in profit or loss account in its unconsolidated Financial Statements. Moreover, the Company has also issued 7,436,986 ordinary shares other than right to International Finance Corporation at premium of Rs. 229.29 per share.

EARNINGS PER SHARE

During the year under review Earnings per Share (EPS) remained at Rs. 8.18 as compared to Rs. 14.25 of the previous year. Had there been no such sale/transfer of leasehold land/freehold land, building and further issue of capital the EPS would have been Rs. 1.70 as compared to Rs. 14.25 in the previous year.

DIVIDEND

Due to current economic conditions and COVID-19 pandemic, the Company has not proposed any dividend for the year ended June 30, 2020.

However, the Company remains committed to consistently provide sustainable returns to its shareholders and it strongly believes that value for shareholders will increase significantly when its diversification and investment plans are completed.

BOARD OF DIRECTORS

The Board of the Company comprises of ten directors including three independent, two executive and one female director. In compliance with the non-mandatory provisions contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code") in connection with diversity in the Board, the Company's Board consists of three Doctors, two IT Professionals, three Pharmacists, one Businessman and one Chartered Accountant.

The Board of the Company derives its powers and obligations from various provisions contained in the Memorandum & Articles of Association of the Company, Companies Act, 2017 ("the Act"), the Code and other relevant laws. The Board met six times during the year ended June 30, 2020.

During the year under review, a casual vacancy occurred in the Board due to the resignation of Shah Naveed Saeed, Independent Director. The Board put on record its appreciation for his valuable input and guidance as the member of the Board. In order to fill the casual vacancy Mr. Javed K. Siddiqui was appointed as an Independent Director on 09-08-2019 in place of Shah Naveed Saeed. The Board welcomes Mr. Javed K. Siddiqui on the Board of the Company who is a Chartered Accountant by profession and the Company is being benefitted by his diverse experience.

DIRECTORS' REPORT

AUDIT COMMITTEE

In the wake of resignation of Shah Naveed Saeed, Independent Director who was also the Chairman of the Audit Committee, the Audit Committee of the Company was re-constituted on 19-08-2019 as under:

- | | |
|---------------------------|--------------------------------|
| 1. Syed Ilyas Ahmed | Chairman, Independent Director |
| 2. Dr. Habib-Ur-Rahman | Member, Non-Executive Director |
| 3. Dr. Samea Kauser Ahmad | Member, Non-Executive Director |
| 4. Mr. Javed K. Siddiqui | Member, Independent Director |

The Terms of Reference (ToRs) of the Audit Committee were framed in line with the provisions contained in the Code and the Committee functions accordingly. The observations/recommendations of the Audit Committee are conveyed to the Board by the Chairman of the Committee. The Committee met four times during the year ended June 30, 2020 besides one time with External Auditors without the presence of Head of Internal Audit & CFO and once with Head of Internal Audit without the presence of CFO & External Auditors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration (HR&R) Committee was also re-constituted on 19-08-2019 which is now comprised of following members:

- | | |
|-------------------------------|--------------------------------|
| 1. Syed Ilyas Ahmed | Chairman, Independent Director |
| 2. Dr. Habib-Ur-Rahman | Member, Non-Executive Director |
| 3. Dr. Manzoor H. Qazi | Member, Executive Director |
| 4. Dr. Mohammad Naseem Ansari | Member, Independent Director |

Further, ToRs of the HR&R Committee were approved by the Board and the Committee functions in accordance with its ToRs. HR&R Committee met once during the year under review.

CONSTITUTION OF CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

The Board has constituted a Corporate Governance & Nominations (CG & N) Committee comprising of following members:

- | | |
|---------------------------|--------------------------------|
| 1. Mr. Muhammad Zahid | Chairman, Executive Director |
| 2. Dr. Habib-Ur-Rahman | Member, Non-Executive Director |
| 3. Dr. Manzoor H. Qazi | Member, Executive Director |
| 4. Dr. Samea Kauser Ahmad | Member, Non-Executive Director |
| 5. Mr. Javed K. Siddiqui | Member, Independent Director |

The board has also approved the ToRs of the CG&N Committee and during the year under review one meeting of the CG&N Committee was held.



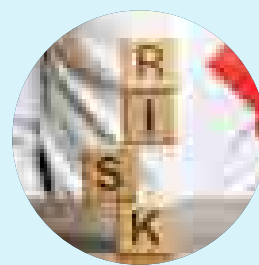
Audit Committee



**Human Resource
& Remuneration
Committee**



**Corporate Governance
& Nominations
Committee**



**Risk
Management
Committee**

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

Under the provisions of the Code, the Board also constituted a Risk Management Committee comprised of following as its members:

- | | |
|-------------------------------|----------------------------------|
| 1. Mr. Qasim Farooq Ahmad | Chairman, Non-Executive Director |
| 2. Prof. Dr. Shoab Ahmed Khan | Member, Non-Executive Director |
| 3. Dr. Mohammad Naseem Ansari | Member, Independent Director |

The board approved the ToRs of the Committee and one meeting of the Committee was held in the year ended June 30, 2020.

FREQUENCY & ATTENDANCE OF BOARD AND AUDIT COMMITTEE MEETINGS

During the year under review, six meetings each of the Board of Directors and Audit Committee were held.

Number of meetings attended by each director is stated below:

Name of Director	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended
Dr. Habib-Ur-Rahman	6	6
Dr. Manzoor H. Qazi	6	N/A
Mr. Muhammad Zahid	6	N/A
Mr. Shafquat Ali Chaudhary	3	N/A
Mr. Qasim Farooq Ahmad	5	N/A
Dr. Samea Kauser Ahmad	6	6
Syed Ilyas Ahmed	6	6
Prof. Dr. Shoab Ahmed Khan	5	N/A
Dr. Mohammad Naseem Ansari	5	N/A
Mr. Javed K. Siddiqui*	5	6

*Mr. Javed K. Siddiqui was appointed on 09-08-2019 and since his appointment till June 30, 2020 only five board meetings were held.

Leave of absence was granted to directors who could not attend some of the board meetings.

DIRECTORS' REPORT



BOARD EVALUATION

As per the requirements of the Code, the Board of the Company annually conducts self-evaluation of its performance which covers structure & characteristics of the Board, roles & responsibilities, relationship with management, hospital specific measures, etc.

The overall performance of the Board remained satisfactory which was determined on the basis of approved criteria.



DIRECTORS' REMUNERATION

The Board of Directors of the Company approves and fixes the remuneration of the Board members in accordance with the Articles of Association of the Company, the Act and the Code. The detail of the remuneration of Directors and CEO is provided in the Note 38 of Notes to the Unconsolidated Financial Statements.



TRADING OF SHARES

During the year under review, Tameer-e-Millat Foundation, Major Shareholder, received donation of 10,000 shares of the Company whereafter its shareholding was increased by 10,000 shares. No other Director, CEO, CFO, Company Secretary, Executives and their spouses and minor children or other major shareholder carried out the trade in the shares of the Company during the year under review.



DIRECTORS' TRAINING PROGRAM

Eight out of ten Directors (80%) of the Company have attended Directors' Training Program that meets the criteria laid down in sub-regulation 19(ii) of the Code. Remaining directors will acquire the required directors' training certification within the time specified in the Code.

Detail of certified directors who attended Directors' Training Program is as under:

- | | |
|---------------------------|-------------------------------|
| 1. Dr. Habib-Ur-Rahman | 5. Syed Ilyas Ahmed |
| 2. Dr. Manzoor H. Qazi | 6. Prof. Dr. Shoab A. Khan |
| 3. Mr. Muhammad Zahid | 7. Dr. Mohammad Naseem Ansari |
| 4. Dr. Samea Kauser Ahmad | 8. Mr. Javed K. Siddiqui |

CORPORATE BRIEFING SESSION

During the year under review, the Company arranged the Corporate Briefing Session at Karachi to brief the investors/shareholders about the financial performance and future outlook of the Company.

SUBSIDIARY/ASSOCIATED COMPANIES

As at June 30, 2020, Shifa Neuro Sciences Institute Islamabad (Pvt.) Limited, Shifa National Hospital Faisalabad (Pvt.) Limited and Shifa International DWC-LLC were the wholly owned subsidiaries of the Company whereas Shifa Development Services (Pvt.) Limited & Shifa Medical Center Islamabad (Pvt.) Limited were the subsidiaries with 55% & 56% stakes respectively. Besides above, Shifa CARE (Pvt.) Limited is an associated company of Shifa International Hospitals Limited with 50% stakes.

As of now the detail of the subsidiary/associated undertakings of the Company alongwith percentage shares held in each subsidiary/associated undertakings is as under:

Sr. No.	Name of the Company	Status	%age of Shares held by Shifa
1	Shifa Development Services (Pvt.) Limited	Subsidiary	55%
2	Shifa CARE (Pvt.) Limited	Associated	50%
3	Shifa Medical Center Islamabad (Pvt.) Limited	Subsidiary	56%
4	Shifa Neuro Sciences Institute Islamabad (Pvt.) Limited	Wholly Owned Subsidiary	100%
5	Shifa National Hospital Faisalabad (Pvt.) Limited	Subsidiary	60%
6	Shifa International DWC-LLC	Wholly Owned Subsidiary	100%



Partners in subsidiary companies

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP) and the Code for the following matters:

- i. The Financial Statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts of the Company have been maintained as required by the Companies Act, 2017.
- iii. Appropriate accounting policies have been consistently applied in preparation of the Financial Statements except change in accounting policies as mentioned in Note No. 4 to the Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There has been no material departure from the best practices of Corporate Governance, as detailed in the Code.
- vii. There are no significant doubts upon Company's ability to continue as a going concern.

OPERATING & FINANCIAL DATA

Summary of key operating and financial data of last six years has been given on Page No. 58.

GRATUITY FUND

Note 11.4 of the Notes to the Financial Statements reflects the value of investments of gratuity fund account.

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information regarding pattern of shareholding is given on Page No. 216.

SAFEGUARDING OF RECORDS

For the storage and safe custody of the financial records of the Company, it has deployed Oracle ERP System for processing and recording financial information. All the data is stored in the Company's own data center, which is designed on the latest industry guidelines for protection from threats of data loss. Moreover, a robust backup and recovery mechanism is deployed to ensure safety from data loss.

MATERIAL CHANGES

There have been no material changes since June 30, 2020 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

STATUTORY AUDITORS OF THE COMPANY

The present Auditors, M/s Grant Thornton Anjum Rahman, Chartered Accountants, shall retire at the conclusion of 34th Annual General Meeting and being eligible, offer themselves for re-appointment. On the suggestion of the Audit Committee, the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2021.

RELATED PARTY TRANSACTIONS

All the related party transactions have been approved by the Board of Directors in accordance with the Company's policy on the related party transactions. The Company maintains a full record of all such transactions, along with the terms and conditions. The disclosure of such related party transactions have been given at Note 37 of the Notes to the Financial Statements.

COMPANY'S WEBSITE

The Company is on the web and can be accessed at www.shifa.com.pk.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, the Company's contribution to the national exchequer is as under:

	2020
	Rs. in "000"
Direct taxes	296,459
Indirect taxes	154,919
Tax deducted and deposited from suppliers, employees etc.	673,724
Total	1,125,102



DIRECTORS' REPORT



ENERGY CONSERVATION

The Company is mindful towards the energy crisis in the country and always endeavors to conserve it by taking various measures including but not limited to:

- i. Usage of energy efficient LED lights throughout the Company instead of conventional energy intensive lights.
- ii. Usage of variable frequency drives with motors and pumps used in HVAC and water pumping plants for avoiding motor starting torque which eventually leads to higher energy bills.
- iii. Steam powered dish washing machines in Food and Nutrition Services Department resulting in conserving 166,440 kWh's of utility and 58.25 tons (approx.) of carbon emission reduction.

The result of taking above measures saved the Company almost Rs. 9 million. Further, the Company is planning to install solar system with 1 MW capacity for generating electricity through inexhaustible, renewable solar power.

ENVIRONMENTAL PROTECTION MEASURES

The Company is committed towards environmental conservation and sustainability. Environmental monitoring is carried out on quarterly basis to ensure conformity with the National Environmental Quality Standards (NEQS) and evaluate the effectiveness of the environmental mitigation measures. Following are the initiatives:

- i. Emission monitoring of 3 gas fired boilers.
- ii. Emission monitoring of 5 gas generators.
- iii. Emission monitoring of 3 diesel generators.
- iv. Emission monitoring of 12 HVAC-chillers.
- v. Emission monitoring of incinerator.



- vi. Water analysis (physicochemical & biological parameters).
- vii. Wastewater analysis.
- viii. Noise monitoring at power houses, elevator rooms and sensitive areas.
- ix. Environmental Monitoring through Indoor air quality monitoring (microbial air count, swab test, PM2.5, PM 10, formalin exposure; legionella analysis in cooling tower's water; incinerated waste ash monitoring through ICP-OES or SEM-EDS technique; distilled water analysis.
- x. Environmental and social screening of anatomical waste burial pit in Ratwal, District Fateh Jang to ensure the biotic and abiotic environmental components and natural habitat of the species remain preserved.
- xi. Monsoon tree plantation drive which included 5,000 fruit saplings distribution among employees of the Company.
- xii. Developed buffer zone through tree plantation (brachychiton and bakayan tree specie) around incinerator area.
- xiii. Sponsored 10,000 flyers to Pak-EPA on SRO for "Ban on (Manufacturing, Import, Sale, Purchase, Storage and Usage) Polythene Bags Regulations, 2019".
- xiv. Sponsored 10,000 pamphlets to Pak-EPA awareness on the said Regulations.
- xv. Sponsored 100 cotton totes to Pak-EPA for promoting the use of ecofriendly bags.
- xvi. Water soluble bags in Laundry for hygienic & convenient handling of soiled linen (Pilot Project).

DIRECTORS' REPORT

CONSUMER PROTECTION MEASURES

The Company is committed to providing and maintaining a safe and secure environment for its patients, staff, visitors and vendors. The Company seeks to ensure health and safety through the implementation of Safety Management Plan applicable to all facilities, people, contractors, processes and equipment including any independent entities/corporate functions working within the premises. Following measure are taken in consideration to consumer protection measures:



1. Hazard Vulnerability Analysis and Risk Assessment

Hospital wide risk assessment is performed for all the OPDs, IPDs and Support function departments as per Hazard Vulnerability Analysis and Risk Assessment policy on annual basis or more frequently if major changes are executed in infrastructure, system or technology i.e. as per the findings of Risk Assessment necessary interventions and control measures are adopted according to hierarchy of control (elimination, substitution, administrative controls, engineering controls and provision of PPE) to reduce associated risk to an acceptable level.

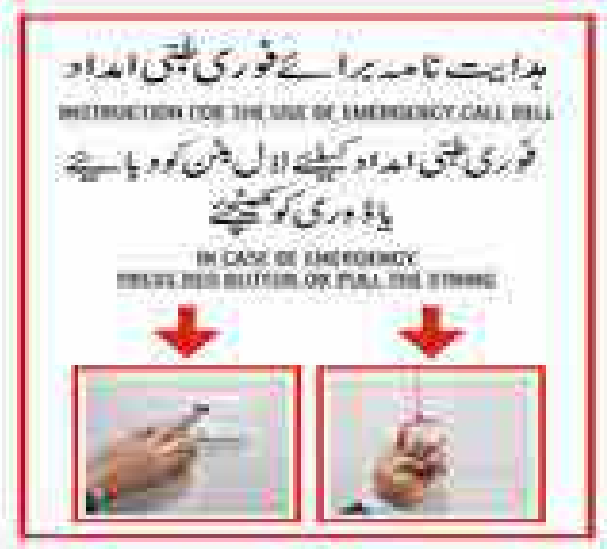
2. Disaster & Communication Drills

The Company conducted annual disaster and communication drills covering all aspects and areas of the Company. Further, HR Department also acquired a pool of 84 volunteers from Shifa Tameer-e-Millat University comprised of students, doctors and focal persons who can be called in case of staff shortage during any disaster.

3. Patient Education on Call Bell

The call bell system installed in patient washrooms is used to indicate the urgency and purpose of the call patient deterioration, patient fall or any other adverse event.

For adequate usage and efficient response of staff against a patient call, a bilingual call bell brochure has been designed with a pictogram and instructions on how to use it.



4. Staff / Consumer Security

To ensure the safety & security of staff and customers, emergency hotline 4444 is dedicated for early intimation of fire/ security emergency. Emergency Response Team immediately attends such emergencies and take necessary corrective measures.

The Safety & Security Department is primarily charged with effecting basic protection of Company's staff and customers. The department accomplishes this objective through the performance of the following functions:

- i. By carrying out risk / vulnerability, analysis and developing action plan.
- ii. Deploying static posts, organizing foot patrols to keep the Hospital's premises under surveillance.
- iii. Controlling access at the gates and entrances at the Hospital's premises.
- iv. Providing emergency response to security situations and taking instant action on security incidents.
- v. Logging all security incidents and complaint of customers. Corrective and preventive measures are initiated to resolve the issues.
- vi. Investigating and analyzing security incidents.
- vii. Developing plans, policies, procedures, education and techniques for crime prevention and mitigation.
- viii. Traffic control and parking arrangements at the Hospital.
- ix. Enforcing visitor control during non-visiting hours.
- x. Monitoring of city situation during strikes, riots and other civil disturbances.

DIRECTORS' REPORT

5. Child Security

The pediatric security is achieved by establishing checks and controls at the pediatric wards, the transportation routes & processes of the pediatric patients and by conducting awareness/training sessions and drills. In general, all staff of the Hospital have a responsibility to gain awareness and provide security to the pediatric patients in all areas of the Hospital. Admission & Discharge Department, Pediatric Wards, Pediatric Critical Care Units (NICU, PICU), Patient Facilitation Department and the Safety & Security Department are particularly responsible to monitor, exercise and implement the controls and procedures.

6. Fire Safety Awareness

The Safety & Security Department under the fire safety program endeavors to train 100% Hospital staff regarding fire safety in every year. This is achieved by a combination of trainings carried out during a training cycle. Newly hired staff is provided with basic fire safety training as part of the orientation program while refresher programs are carried out for on board staff in the form of class room trainings and fire drills. Moreover, fire safety flyers are pasted for the awareness of customers and patients.

7. General Awareness of Staff , Visitors and Patients

To increase the awareness of the Company's staff and customers, the Safety & Security Department prepares and disseminates awareness flyers to all staff/customers and also sends out regular emails on security matters and critical news information.

8. Confidential Record Shredding

Protecting the privacy of medical record and security of protected health information is primarily important to avoid data breaches and ensure compliance. After certain retention period as per the policy, the documents are subjected to disposal. In this regard, the practice of incineration for the record has been substituted with shredding.

A commercial scale shredding machine has been procured to shred the record at the point of storage, overcoming the potential of data pilferage during transfer from medical record to centralized storage area.

IMPACT OF THE COMPANY'S BUSINESS ON THE ENVIRONMENT

The Company seeks to adopt environmental stewardship through various environmental conservation measures for carrying out a socially conscious and sustainable business. Following measures have been taken in this regard:

1. Mercury Replacement Plan

Mercury is a neurotoxin and heavy metal that persists in environment for long period of time. Mercury spills need to be cleaned up promptly and properly to avoid exposure to the people. Considering the toxic and ecotoxic nature of mercury, the Company has successfully replaced mercury thermometer with digital thermometer.

2. Wastewater Discharge

Wastewater from the facility is tested on quarterly basis to demonstrate compliance with NEQS and ensure that the aquatic waterbodies are not affected. The body fluids of the patients i.e., vomit, urine or faeces from IPD are collected in disposable pulpomatic pans (bedpans, portable urinals and vomit bowls) and discarded in pulp macerator for efficient and hygienic disposal. The grinding and blending mechanism of macerator reduces the waste size into particulates and is dosed with broad range disinfectant for the antimicrobial treatment. The effluent from macerators is directed to the septic tank as a final stage treatment before ultimate disposal to municipality outfall point.

3. Air Emissions

Incinerator, gas generators, diesel generators are tested on quarterly basis to demonstrate compliance with NEQS and ensure that the ambient air quality of the premises and surroundings is not affected.

4. Waste Disposal Ash

Ash produced after waste incineration referred to as bottom ash and fly ash is allowed to cool before decanting and storage in white bags. Disposal of ash is performed in municipality approved ash burial pit located offsite in Ratwal. ICP-OES or SEM-EDX analysis of ash is performed to assess its composition and respective quantification.

DIRECTORS' REPORT

5. Hazardous Waste Management

In order to improve the staff awareness and segregation of waste at point of generation, waste management guidelines have been revised as per WHO Guidelines and revised flyers replaced with each bin throughout the Hospital.

The treatment of Hazardous waste is performed before ultimate disposal to limit the associated hazards on the environment and public health. Infectious waste that poses biohazard is incinerated at high temperature to transform the organic and combustible waste to inorganic, incombustible ash at high-temperature thermal oxidation. Nonhazardous or general waste is outsourced to Capital Development Authority (CDA) approved contractor, after recovering the recyclable waste left over is dumped at CDA designated dumping site.

6. Glass Disposal

Since glass is thermally stable and high temperature thermal processes (>1000°C) together with fast cooling results in high content of glass in bottom ash which is potentially hazardous and may prick the waste handlers. Moreover, it was realized that silica vapors generated at high temperature chokes the auxiliary burners and blowers of the incinerator and hence rendering it maintenance intensive.

In order to cater the issue of non-infectious glass i.e. leftover vials, ampules, bottles without body fluids, cell debris, or other materials that may contain infectious agents or recombinant, DNA molecules is crushed in manually operated glass crusher. The shredded glass is outsourced to municipality approved vendor for recycling or reprocessing.

EMPLOYMENT OF DISABLED PERSONS

The Company recognizes that it has obligations towards the community at large. People with disabilities are offered equal opportunities to enter employment.



OCCUPATIONAL SAFETY & HEALTH

The Company took following measures for the occupational safety and health:

1. Inhouse Environmental Monitoring

In order to control harmful occupational exposures, such monitoring is done in all areas as part of the facility inspection rounds.

For the early identification of harmful exposures and hence rapid control to ensure a safe and healthy environment, different devices are being used by the Company.

TDS/ Conductivity Meter	Portable Gas Detector	VOC & Formaldehyde Meter	Environmental Meter
Measures: 1. pH; 2. Conductivity; 3. TDS; 4. Temperature	Measures: 1. Oxygen; 2. Lower Exposure Limit ; 3. Carbonmonoxide; 4. Carbondioxide	Measures: 1. VOC Volatile Organic Carbon; 2. Formaldehyde	Measure: 1. Air Velocity; 2. Light Intensity; 3. Humidity; 4. Temperature; 5. Sound level



2. Display of Safety Signs

Safety signs are provided throughout the facility including patient care areas, Support Function Department and engineering areas to convey specific health and safety Information and Instructions:

- i. Prohibition signs with pictograms for restricted areas and unauthorized entry.
- ii. Mandatory signs for usage of PPE.
- iii. Hazard/warning signs to warn about specific hazard (toxic, corrosive, irritant etc.).
- iv. Safe condition signs e.g., emergency escape routes.
- v. Fire safety signs.

3. Air Disinfection Machine

Formalin as a disinfectant was being used for fumigation of indoor air in OR. Since formalin may pose a threat to human health therefore an ecofriendly and human friendly automated air borne disinfection was explored.

DIRECTORS' REPORT

In this regard, automated air borne disinfection with Hydrogen Per Oxide (H₂O₂) as a disinfectant was selected as a suitable substitute for the preceding activity. H₂O₂ is a broad range antimicrobial agent against bacteria, fungus and virus.

The high-level disinfection with minimum chemical usage can cover an area upto 1000 m³. These disinfectant leaves no trace, wetness and greasy film and is biodegradable with ecofriendly formula.

4. Updated Spill Kit Contents

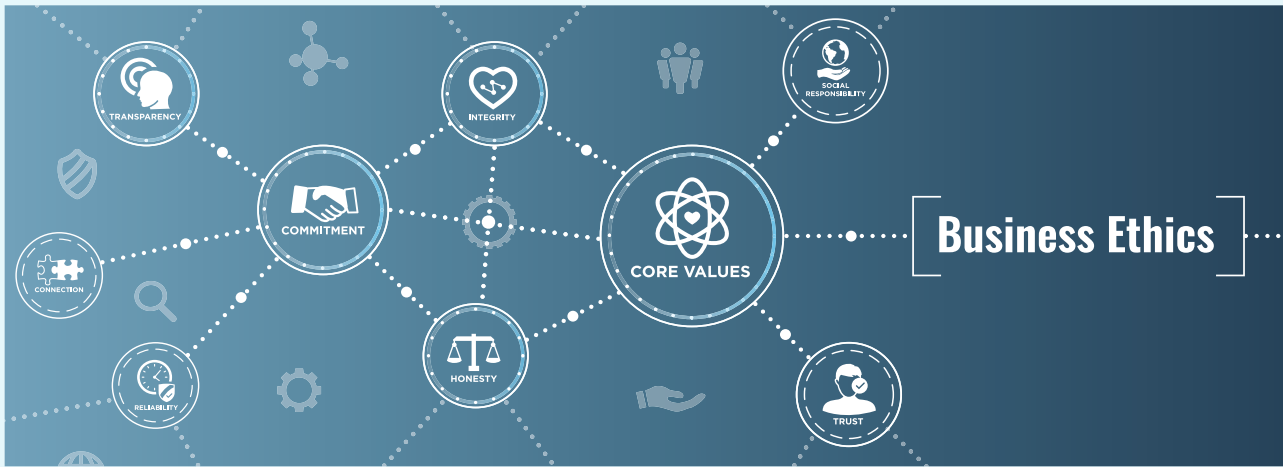
Availability of appropriate spill kit contents is essential for proper management of spills to avoid impact to health and environment. All the absorbents were replaced with a universal absorbent pad, absorbent socks to limit the spread of spill and forceps to lift sharps (if any) generated during the spillage of hazardous material.



5. Upgradation of Emergency Door Key Boxes

Emergency door with glass break key boxes were installed throughout the Hospital exit doors. The emergency door release is designed to override the electrical locking/release devices. It changes the door contacts from normally closed to normally open so that the exits can function without power.





COMPLIANCE WITH BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

In order to promote the highest standard of ethics, the Company has developed a complete Code of Conduct with the primary focus on integrity and ethical business practices. While carrying out business operations, compliance with ethical values, best practices, statutory requirements, and provision of corporate governance is ensured.

To discourage any act of dishonesty and corruption, a robust system of internal controls and risk management is in place for detection and mitigation of material risk. Furthermore, we have created culture where all employees are committed to abide by Code of Conduct and Business Ethics.

ACTIVITIES UNDERTAKEN BY THE COMPANY REGARDING CSR

1. Employees' Child Education

Each year the Company offers sponsorship for college/school fees for one child to its employees subject to fulfilling prescribed criteria. During the year 2019-2020, a total of 561 employees of the Company have availed this facility.

2. Internship for University/College Students

Every year Company facilitates more than 500 university students from all over the Country for internship program in different clinical and non-clinical areas.

RISK MANAGEMENT AND INTERNAL CONTROL

Being the healthcare industry Company faces many risks which involve, but are not limited to, areas and/or type like, regulatory, competition, reputation, business, economic & business environment, operational & credit, financing & liquidity, clinical, information systems security & availability, quality & stability of operational services, availability, recruitment & retention of skilled resources/medical practitioners, frauds, etc. At the Company we have a robust internal control and risk management system. The Risk Management and Internal Control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks being faced by the Company.

DIRECTORS' REPORT



CODE OF CONDUCT

The Company has a comprehensive Code of Conduct, which requires all employees to maintain a work environment featuring fairness, respect and integrity and to adopt ethical practices. The Code has provisions that include but are not limited to legal compliance, restraint on political activities and soliciting gifts, avoiding conflict of interest, non-discrimination or harassment on the basis of race, color, age, etc., maintaining confidentiality of information, complying with the laws, rules vis-à-vis environmental protection, etc. The Code of Conduct is applicable to all the directors, officers, employees, consultants and agents of the Company.

Company has zero tolerance approach towards corruption, and works vigorously to counter corruption in the business. We focus on risk assessment to enhance awareness regarding fraud and corruption in the Company and act accordingly.

WHISTLEBLOWING POLICY

The Company is committed to conducting business with honesty and integrity with the highest standards of transparency, openness and accountability. In this regard the Company had incorporated a Whistleblowing Policy in order to enable stakeholders to detect, identify and report any event which is inconsistent with the Company policies, unlawful activity, mismanagement, misuse of authority, etc. The main purpose of the policy is to encourage individuals by providing avenues to feel confident in raising concerns, and providing reassurance that individuals will be protected from possible reprisals or victimization and to provide staff with guidance as to how to raise those concerns.

GRIEVANCE POLICY

The Company is also committed to ensure that employee grievances are properly recognized and addressed. When an employee has a problem related to his/her work assignment, his/her first point of communication is his/her immediate supervisor. Grievances lodged by the workers under third party contract are seriously considered and communicated to the respective vendors by the concerned area supervisor for effective resolution of their grievances.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE, AND POSITION OF THE COMPANY'S BUSINESS

Due to COVID-19 pandemic, healthcare industry has also been affected deeply. Low mobility and movement due to lockdown and a psychological fear of getting exposed to COVID-19 while visiting the hospitals drastically reduced the patient traffic. However, the challenge also provided an opportunity to strengthen and work upon; digital healthcare and virtual hospitalization. Company started to offer its services through eShifa in the midst of COVID-19 and it was of great value and convenience to patients to get continuity of care. Digital healthcare would surely be a great value addition to the patients in future as well.

Investment into digital healthcare technologies, software and mobile application development and customer relationship management software would be decisive to not only automate service delivery processes but to build up a strong relationship with patients.

To further understand the behavior of patients and customers, data mining applications can greatly benefit all parties involved in the healthcare industry. Healthcare organizations make customer relationship management decisions, physicians identify effective treatments and best practices, and patients receive better and more affordable healthcare services.



DIRECTORS' REPORT

FUTURE OUTLOOK

The Company has inked memorandum of understandings with Sialkot Chamber of Commerce & Industry (SCCI) and Defence Housing Authority, Islamabad (DHA-I) for the establishment of hospitals in Sialkot and DHA Islamabad respectively. We are in the process of preparing and negotiating term sheet with SCCI and DHA-I which shall be followed by definitive agreements encompassing the terms and conditions for the investment in the proposed hospitals.

The Company is also planning to establish a Neuroscience Facility in H-8/1, Islamabad where the existing Neurology and other ancillary departments shall be shifted which will offer the Company space to provide new facilities to our valued patients.

ACKNOWLEDGEMENT

The Board is appreciative of the consultants, management and staff for their untiring efforts to deliver uninterrupted quality healthcare during challenging time, and shareholders, bankers, patients and regulatory bodies for their continued support.



DR. MANZOOR H. QAZI
Chief Executive Officer



MUHAMMAD ZAHID
Executive Director

ISLAMABAD
September 26, 2020

DIRECTORS' REPORT IN URDU

From Page 51 to 40







Shifa
ہسپتال
شفا ہسپتال

SHIFA HOSPITAL

کمپنی کے کاروبار، کارکردگی اور مستقبل کی ترقی کو ممکنہ طور پر متاثر کرنے والے رجحانات اور عوامل

کووڈ-19 کی وباء سے ہیلتھ کیئر انڈسٹری بھی بری طرح متاثر ہوئی ہے۔ لاک ڈاؤن کی وجہ سے محدود آمدورفت اور ہسپتال میں کووڈ-19 سے متاثر ہونے کا نفسیاتی خوف مریضوں کی تعداد میں شدید کمی کی وجہ بنے۔ تاہم اس چیلنجنگ صورتحال نے ڈیجیٹل ہیلتھ کیئر اور ورجنل ہسپتالز لیشن پر کام کرنے کا موقع فراہم کیا۔ وباء کے دوران کمپنی نے ”امی شفا“ کے ذریعے اپنی خدمات مہیا کیں اور یہ اقدام مریضوں کے لئے دیکھ بھال کا تسلسل برقرار رہنے کے حوالے سے آسان دہ اور بڑی قدر ثابت ہوا۔ ڈیجیٹل ہیلتھ کیئر یقینی طور پر مستقبل میں بھی مریضوں کے لئے ایک بڑی ویلیو ایڈیشن ثابت ہوگا۔

ڈیجیٹل ہیلتھ کیئر ٹیکنالوجیز، سافٹ ویئر اور موبائل ایپلیکیشن ڈویلپمنٹ اور کسٹمر ریلیشن کی مینجمنٹ کے سافٹ ویئر نہ صرف سروس ڈیوری کے پرائیس کو خود کار بنانے میں فیصلہ کن ہوں گے بلکہ مریضوں کے ساتھ مضبوط تعلق کے قیام کا سبب بنیں گے۔

مریضوں اور کسٹمرز کے رویوں کو مزید سمجھنے کے لئے ہیلتھ کیئر انڈسٹری میں موجود تمام فریقوں کے لئے ڈیٹا مینجنگ کی ایپلیکیشنز بہت سود مند ثابت ہو سکتی ہیں۔ ان سے ادارے کسٹمر ریلیشن مینجمنٹ کے فیصلے، فریڈمز موثر علاج اور بہترین پریکٹسز کی نشاندہی جبکہ مریض بہتر اور سستی خدمات حاصل کر سکتے ہیں۔

مستقبل کا منظر نامہ

کمپنی نے سیالکوٹ چیمبر برائے صنعت و تجارت اور ڈیفنس ہاؤسنگ اتھارٹی اسلام آباد کے ساتھ بالترتیب سیالکوٹ اور ڈی ایچ اے اسلام آباد میں ہسپتال قائم کرنے کے لئے مفاہمت کی یادداشتوں پر دستخط کئے ہیں۔ اس حوالے سے کمپنی دونوں فریقوں کے ساتھ ٹرم شیٹس کی تیاری کے لئے بات چیت کے عمل میں ہیں جس کے بعد مذکورہ ہسپتالوں میں سرمایہ کاری کے لئے شرائط پر مبنی حتمی معاہدے کئے جائیں گے۔

کمپنی کیلبر ایچ ایٹ ون اسلام آباد میں ایک نیوروسائنس مرکز قائم کرنے کی منصوبہ بندی کر رہی ہے جہاں پر موجودہ نیورالوجی اور متعلقہ شعبوں کو منتقل کیا جائے گا جس کے نتیجے میں کمپنی کو اپنے قابل قدر مریضوں کے لئے نئی سہولیات فراہم کرنے کے لئے جگہ دستیاب ہو جائے گی۔

اظہار تشکر

بورڈ اعلیٰ معیار کی بلا تعطل طبی دیکھ بھال فراہم کرنے اور فارمیسیوں، لیب پک اپ پوائنٹس اور میڈیکل سنٹرز وغیرہ پر بھی اسی معیار کا اعادہ کرنے کے لئے کنسلٹنٹس، انتظامیہ اور عملے کی ان تھک کوششوں کو پیش نظر رکھتے ہوئے ان کاموں نے اور شیئر ہولڈرز، بینکوں، مریضوں اور ریگولیٹری اداروں کو ان کی سرپرستی پر سراہتا ہے۔

منجانب

اسلام آباد
26 ستمبر 2020

حضرت
جناب محمد زاہد
ایگزیکٹو ڈائریکٹر

Marqum Hussain
ڈائریکٹر منظر ایچ ایچ
چیف ایگزیکٹو آفیسر

ڈائریکٹرز رپورٹ

کاروباری اخلاقیات پر عمل اور بدعنوانی کے خلاف اقدامات

کمپنی نے ایک مکمل ضابطہ اخلاق تشکیل دیا ہوا ہے جس میں کام کی جگہوں پر دیانتداری اور اخلاقی رویے پر زور دیا جاتا ہے۔ اس ضابطہ اخلاق کی روشنی میں ہم اس بات کو یقینی بناتے ہیں کہ ہمارے سارے کاروباری معاملات اعلیٰ اخلاقی اقدار کے ساتھ ساتھ کارپوریٹ گورننس کی بہترین مثالوں اور قانونی تقاضوں کی پاسداری میں چلائے جائیں۔ بددیانتی اور بدعنوانی کی حوصلہ شکنی کرنے کے لئے میٹرل رسک کی بروقت نشاندہی اور روک تھام کے لئے داخلی کنٹرول اور رسک مینجمنٹ کا ایک مضبوط نظام لاگو ہے۔ اس کے علاوہ ہم نے ایک ایسا کچھ تشکیل دیا ہے جہاں پر تمام ملازمین ضابطہ اخلاق اور کاروباری اخلاقیات کی پابندی کرنے کے لئے پُر عزم ہیں۔

کارپوریٹ سماجی ذمہ داری کے حوالے سے کمپنی کی سرگرمیاں

1- ملازمین کے بچوں کی تعلیم

ہر سال کمپنی فی ایمپلائئی ایک بچے کے سکول یا کالج کی فیس ادا کرتا ہے اگر وہ اس سلسلے میں نافذ کردہ معیار پر پورا اتریں۔ زیر جائزہ سال میں 561 ملازمین نے یہ سہولت استعمال کی۔

2- شفاء میں یونیورسٹی اور کالج کے طلباء کے لئے انٹرن شپ

ہر سال کمپنی ملک بھر سے جامعات کے پانچ سو سے زائد طلباء و طالبات کو مختلف کلینکل اور نائل کلینکل ایریاز میں انٹرن شپ کی سہولت فراہم کرتا ہے۔

رسک مینجمنٹ اور داخلی کنٹرول

کسی بھی صحت کی دیکھ بھال کے ادارے کی طرح کمپنی کو بھی بہت سے خطرات کا سامنا ہے یا سامنا کرنا پڑ سکتا ہے جن میں ریگولیٹری، مقابلہ، کاروباری، اقتصادی ماحول، آپریشنل و کریڈٹ، فنانشنگ و لیکویڈیٹی، کلینیکل، انفارمیشن سسٹم کی سیکورٹی و دستیابی، معیار و آپریشنل خدمات کا استحکام، ہنرمند افراد کی دستیابی و بھرتی، دھوکہ دہی وغیرہ کے خطرات شامل ہیں۔ مختلف خطرات سے نینٹے اور اثاثوں کی حفاظت کیلئے ہمارے پاس رسک مینجمنٹ اور داخلی کنٹرول کا مضبوط عمل موجود ہے۔

ضابطہ اخلاق

کمپنی نے ایک مکمل ضابطہ اخلاق تشکیل دیا ہوا ہے جس میں کام کی جگہوں پر دیانتداری اور اخلاقی رویے پر زور دیا جاتا ہے۔ اس ضابطہ اخلاق کی روشنی میں ہم اس بات کو یقینی بناتے ہیں کہ ہمارے سارے کاروباری معاملات اعلیٰ اخلاقی اقدار کے ساتھ ساتھ کارپوریٹ گورننس کی بہترین مثالوں اور قانونی تقاضوں کی پاسداری میں چلائے جائیں۔ ضابطہ اخلاق تمام ملازمین کو کام کے ماحول کو برقرار رکھنے کو ترجیح دیتا ہے جو منصفانہ، احترام اور سالمیت کا مطالبہ کرتا ہے۔ اس ضابطہ میں قوانین کی تعمیل، سیاسی سرگرمیوں کو روکنے، رنگ، عمر وغیرہ کی بنیاد پر ہراساں کرنے، معلومات کی رازداری کو برقرار رکھنے، ماحولیاتی تحفظ سے متعلق قوانین وغیرہ شامل ہیں۔ ضابطہ اخلاق تمام ڈائریکٹرز، افسران، ملازمین، کونسلٹنٹس اور کمپنی کے ایجنٹوں پر لاگو ہوتا ہے۔

کمپنی بدعنوانی کے حوالے سے زیرو ٹولرنس رکھتی ہے اور کاروبار میں بدعنوانی کو روکنے کے لئے مستعدی سے کام کرتی ہے۔ کمپنی میں فراڈ اور بدعنوانی کے حوالے سے آگاہی کے لئے ہم رسک ایسیمنٹ پر توجہ مرکوز کرتے ہیں اور اس کے مطابق اقدامات کرتے ہیں۔

”وسل بلونگ“ پالیسی

کمپنی دیانتداری سمیت شفافیت، احتساب اور کشادگی کے اعلیٰ معیارات پر عمل پیرا رہتے ہوئے کاروبار کرنے میں پُر عزم ہے۔ اس حوالے سے کمپنی نے ”وسل بلونگ“ کی پالیسی لاگو کی تاکہ سٹیک ہولڈرز ایسے کسی بھی واقعہ کو شناخت اور رپورٹ کرنے کے قابل ہو سکے جو کمپنی کی پالیسیوں کے خلاف، غیر قانونی سرگرمی، بدانتظامی یا اختیار کے ناجائز استعمال کی ذیل میں آتا ہو۔ اس پالیسی کا بنیادی مقصد افراد کو ایسے مواقع فراہم کر کے اس قابل بنانا ہے کہ وہ تشویش ظاہر کرنے میں اعتماد محسوس کریں اور انہیں ممکنہ رد عمل سے تحفظ کی یقین دہانی فراہم کی جائے اور شفاف کو رہنمائی بھی فراہم کی جائے کہ اس طرح کی تشویش کیسے ظاہر کرتے ہیں۔

محفوظ اور صحت بخش ماحول یقینی بنانے کے لئے ضرور رساں ایکسپوزر کی جلدی نشاندہی اور اس پر تیزی سے قابو پانے کے لئے کمپنی مختلف آلات استعمال کر رہی ہے۔

ٹٹی ڈی ایس کنڈکٹیوٹی میٹر	پورٹیبیل گیس ڈیٹیکٹر	وی اوسی اینڈ فارملڈی ہائیڈ میٹر	ماحولیاتی میٹر
پیمانہ: 1- پی ایچ 2- کنڈکٹیوٹی 3- ٹٹی ڈی ایس 4- درجہ حرارت	پیمانہ: 1- آکسیجن 2- لوہا ایکسپوزر لمٹ 3- کاربن مونو آکسائیڈ 4- کاربن ڈائی آکسائیڈ	پیمانہ: 1- وی اوسی غیر مستحکم نامیاتی کاربن 2- فارملڈی ہائیڈ	پیمانہ: 1- ہوا کی رفتار 2- روشنی کی شدت 3- نمی 4- درجہ حرارت 5- آواز کی سطح

2- سیفٹی سائن ڈسپلے

پورے ہسپتال میں ہیلتھ اور سیفٹی کے حوالے سے معلومات اور ہدایات کے ابلاغ کے لئے سیفٹی سائنز ڈسپلے کئے گئے ہیں جو درج ذیل ہیں:

i- ممنوعہ ایریا اور بلا اجازت داخلے کے حوالے سے با تصویر اتنا عی سائن۔

ii- حفاظتی لباس اور آلات کے لازمی استعمال کے سائن۔

iii- مخصوص ضرر (زہریلے، کھر درے، چھینے والے وغیرہ) کے حوالے سے وارننگ سائن۔

iv- ہنگامی حالت میں نکلنے کے سائن۔

v- فائر سیفٹی کے سائن۔

3- ایئر ڈس انفیکشن مشین

آپریٹنگ روم میں اندر کی ہوا کو جراثیم سے پاک کرنے کے لئے فارملین ڈس انفیکشن کے طور پر استعمال کی جا رہی تھی۔ چونکہ فارملین انسانی صحت کے لئے مضر ہو سکتی ہے لہذا ایک ماحول دوست اور انسانوں کے لئے بے ضرر آٹومیٹڈ ایئر ڈس انفیکشن تلاش کیا گیا۔

اس حوالے سے ہائیڈروجن پراکسائیڈ سے ہوا کو ڈس انفیکٹ کرنے والی آٹومیٹڈ مشین کو ایک موزوں متبادل کے طور پر چنا گیا۔ ہائیڈروجن پراکسائیڈ بیکٹریا، فنگس اور وائرس کے خلاف ایک وسیع رینج کی ایٹمی مائیکریاٹل ایجنٹ ہے۔

کیمیکل کم سے کم استعمال کے ساتھ یہ اعلیٰ سطحی ڈس انفیکشن 1000 کیوبک میٹر تک کے ایریا کو کورتا ہے۔ اپنے ماحول دوست فارمولے کے ساتھ یہ ڈس انفیکشن نمی یا چھتاہی کی کوئی تہہ نہیں چھوڑتے۔

4- بہتر اور جدید سپل کٹ

صحت اور ماحول پر پڑنے والے ممکنہ مضر اثرات سے بچنے کے لئے باقاعدہ سپل منجمنٹ کی خاطر موزوں سپل کٹ کی دستیابی ضروری ہے۔ اس کٹ میں جذب کرنے والی تمام اشیاء کو ایک یونیورسل جاذب پیڈ سے بدل دیا گیا اور سپل کو پھیلنے سے روکنے کے لئے جاذب ساکس اور ضرور رساں مواد کے پھیلنے کے دوران کسی تیز دھارا اشیاء کو اٹھانے کے لئے فورسپ مہیا کی گئی ہیں۔

5- اپگریڈڈ ہنگامی دروازے

پورے ہسپتال کے خارجی دروازوں پر گلاس بریک ”کی باکسز“ کے ساتھ ایمر جنسی ڈور نصب کئے گئے ہیں۔ یہ الیکٹریکل لاکنگ کو اور رائیڈ کرنے کے لئے ڈیزائن کئے گئے ہیں۔ تاکہ بجلی کے بغیر بھی یہ کام کر سکیں۔

ڈائریکٹرز رپورٹ

2- گندے پانی کا اخراج

ہسپتال سے نکلنے والے گندے پانی کا سہ ماہی بنیادوں پر تجزیہ کیا جاتا ہے تاکہ این ای کیو ایس کے معیارات کی تعمیل ہو اور یقینی بنایا جاسکے کہ اس اخراج سے پانی کے ذخائر یا چینل متاثر نہ ہوں۔ انسانی جسم سے نکلنے والی رطوبتوں (تہ، پیشاب، پانانہ) کو خصوصاً قابل اتلاف بیگز میں مستعدی اور حفاظت سے تلف کیا جاتا ہے۔ میکریٹ نامی مشین میں ان رطوبتوں کے اتلاف کا جو میکزم ہے اس میں سے قابل تلف مادے کا حجم کم ہو جاتا ہے اور اس میں جراثیم کو ختم کرنے والے محلول ملائے جاتے ہیں۔ میکریٹ سے نکلنے والے مادے کو بلدیہ کے آڈٹ فال پوائنٹ میں بھیجے سے پہلے فائل ٹریٹمنٹ کے لئے سپیک ٹینک میں بھیجا جاتا ہے۔

3- ہوا کا اخراج

انسریٹر، گیس جنریٹرز اور ڈیزل جنریٹرز کو سہ ماہی بنیادوں پر ٹیسٹ کیا جاتا ہے تاکہ این ای کیو ایس کے معیارات کی تعمیل ہو اور احاطے اور گرد و نواح کی ہوا کی کوالٹی کا متاثر نہ ہونا یقینی بنایا جاسکے۔

4- کوڑے کی راکھ

کوڑے کو جلانے سے پیدا ہوئی والی راکھ کو سفید تھیلوں میں انڈیلنے اور سنور کرنے سے پہلے ٹھنڈا کیا جاتا ہے۔ اس راکھ کا اتلاف رتوال میں بلدیہ کی منظور شدہ سائٹ پر زمین میں دفن کر کے کیا جاتا ہے۔ راکھ کے اجزاء کا تجزیہ بھی متعلقہ سائنسی طریقوں سے کیا جاتا ہے۔

5- نقصان دہ کوڑے کا انتظام

کوڑا پیدا ہونے کے مقام پر اس کی کیلنگر کے مطابق علیحدگی اور عملے کی آگاہی کے لئے عالمی ادارہ صحت کی گائیڈ لائنز کے مطابق ویسٹ مینجمنٹ کی گائیڈ لائنز پر نظر ثانی کی گئی ہے اور نظر ثانی شدہ فلائرز پورے ہسپتال میں کوڑا اکٹھا کرنے والی جگہوں پر لگائے گئے ہیں۔
حتمی اتلاف سے پہلے نقصان دہ کوڑے کو ٹریٹ کیا جاتا ہے تاکہ ماحول اور صحت عامہ پر اس کے اثرات کو محدود کیا جائے۔ عفونتی (انفیکٹس) کوڑا بلند درجہ حرارت پر جلایا جاتا ہے تاکہ نامیاتی اور آتش گیر مادے کو غیر نامیاتی اور غیر آتش گیر راکھ میں بدلا جائے۔ غیر مضر اور عمومی کوڑے کو سی ڈی اے کے منظور شدہ ٹھیکیدار کے حوالے کیا جاتا ہے جو ری سائیکلنگ کوڑے کو علیحدہ کر کے باقی مواد کو سی ڈی اے کی ڈمپنگ سائٹ پر تلف کرتا ہے۔

6- شیشے کا اتلاف

چونکہ شیشہ حرارت میں مستحکم رہتا ہے اس لئے 1000 ڈگری سینٹی گریڈ سے زیادہ ہائی ٹمپریچر تھرمل پراسیس اور تیز کولنگ کے بعد شیشے کے اجزاء انسریٹر میں تہہ والی راکھ میں اکٹھے ہوتے ہیں جو کوڑا اٹھانے والوں کے لئے خطرناک ہو سکتے ہیں۔ اس کے علاوہ یہ محسوس کیا گیا ہے کہ شیشے کے جلنے سے سلیکا کے بخارات انسریٹر کے برنز اور بلورز کو بند کر دیتے ہیں جس سے اس کی دیکھ بھال کے اخراجات بڑھ جاتے ہیں۔ اس مسئلے سے نمٹنے کے لئے غیر عفونتی شیشہ مثلاً بچے ہوئے شیکے، بوتلیں وغیرہ گلاس کریشر میں کرش کئے جاتے ہیں۔ یہ کرشڈ شیشہ بلدیہ کے منظور شدہ وینڈر کو ری پروسیڈنگ کے لئے دیا جاتا ہے۔

معذور افراد کے لئے روزگار

کمپنی نے حوالے سے کمپنی اپنی ذمہ داریوں کا ادراک رکھتی ہے۔ معذور افراد کو شفا میں ملازمت کے برابر مواقع کی پیشکش کی جاتی ہے۔

پیشہ ورانہ صحت و تحفظ

کمپنی نے پیشہ ورانہ صحت و تحفظ کے لئے درج ذیل اقدامات کئے:

1- ان ہاؤس ماحولیاتی نگرانی

ضرور رساں پیشہ ورانہ ایکسپوزر کو کنٹرول کرنے کے لئے ہسپتال کے معائنے کے راولڈز میں یہ مانیٹرنگ کی جاتی ہے۔

- vi سیوری کی تفیش اور تجزیہ۔
- vii جرائم کی روک تھام کے لئے منصوبے، پالیسیاں، پروسیجر، آگاہی اور تکنیکی اقدامات کی تیاری۔
- viii ہسپتال میں ٹریفک کنٹرول اور پارکنگ کے اقدامات۔
- ix ملاقات پر پابندی کے اوقات میں وزیٹرز کنٹرول کو یقینی بنانا۔
- x ہڑتال، فسادات، یا ایسی کسی صورت میں شہر کی صورتحال پر نظر رکھنا۔

5- بچوں کی حفاظت

بچوں کی سیکیورٹی پیڈیاٹرک وارڈز، پیڈیاٹرک مریضوں کے روٹس اور پراسیس پر چیکس اور کنٹرول قائم کرنے کے ساتھ ساتھ آگاہی اور تربیت کے سیشن اور ڈرل کر کے یقینی بنائی جاتی ہے۔ عمومی طور پر ہسپتال کے تمام عملے کی ذمہ داری ہے کہ وہ ہسپتال کے تمام ایریا میں بچوں کو تحفظ فراہم کرنے کے حوالے سے آگاہی حاصل کرے اور بچوں کو تحفظ فراہم کرے۔ ایڈیشن اور ڈسپارچ ڈیپارٹمنٹ، پیڈیاٹرک وارڈز، پیڈیاٹرک انتہائی نگہداشت کے شعبے، پیڈیاٹرک فیسیلی ٹیشن ڈیپارٹمنٹ اور سیفٹی اینڈ سیکیورٹی ڈیپارٹمنٹ بالخصوص بچوں کے تحفظ کے اقدامات کو لاگو کرنے اور نگرانی کے ذمہ دار ہیں۔

6- آتشزدگی سے حفاظت (فائر سیفٹی) کی آگاہی

سیفٹی اینڈ سیکیورٹی ڈیپارٹمنٹ ہر سال فائر سیفٹی پروگرام کے تحت ہسپتال کے 100% سٹاف کو فائر سیفٹی پر تربیت دیتا ہے۔ یہ مقصد تربیتی مہم کے دوران مختلف ٹریننگز کے اشتراک سے حاصل کیا جاتا ہے۔ نئے ملازمین کو بنیادی فائر سیفٹی کی تربیت دی جاتی ہے جبکہ پرانے سٹاف کو کلاس روم اور فائر ڈرل کے ذریعے ریفریش کورس کروائے جاتے ہیں۔ علاوہ ازیں صارفین اور مریضوں کی آگاہی کے لئے فائر سیفٹی کے پوسٹر لگائے جاتے ہیں۔

7- سٹاف، وزیٹرز اور مریضوں کی عمومی آگاہی

کمپنی کے سٹاف اور صارفین کی آگاہی میں اضافے کے لئے سیکیورٹی اینڈ سیفٹی ڈیپارٹمنٹ فلائرز تیار اور تقسیم کرتا ہے۔ اس کے علاوہ اہم اطلاعات اور سیکیورٹی کے معاملات پر باقاعدگی سے ای میل بھی بھیجی جاتی ہیں۔

8- خفیہ ریکارڈ کا اتلاف

میڈیکل ریکارڈ اور صحت کے حوالے سے صیغہ راز میں رکھی گئی معلومات کا تحفظ ڈیٹا کی خلاف ورزی کو روکنے اور قانون کی پاسداری کے لئے بنیادی اہمیت کا حامل ہے۔ پالیسی کے مطابق مخصوص عرصہ ریکارڈ رکھنے کے بعد ڈاکومنٹس کو تلف کیا جاتا ہے، اس سلسلے میں ریکارڈ کو جلانے کی مشق کو اسے چھوٹے ٹکڑوں میں پرزہ پرزہ کرنے (شریڈنگ) سے تبدیل کر دیا گیا ہے۔ میڈیکل ریکارڈ سے مرکزی سٹوریج ایریا اور انسفریٹنگ ٹرانسفر کے دوران ڈیٹا کی مکمل لیکج کو روکنے کے لئے ایک کمرشل سکیل کی شریڈنگ مشین خرید کر میڈیکل ریکارڈ میں لگائی گئی ہے۔

کمپنی کے کاروبار کے ماحول پر اثرات

کمپنی سماجی طور پر ذمہ دار اور دیرپا کاروباری سرگرمیاں کرنے کے لئے مختلف ماحولیاتی تحفظ کے اقدامات کے ذریعے ماحول کو بچانے کا عزم رکھتی ہے۔ اس سلسلے میں درج ذیل اقدامات کئے گئے ہیں:

1- مرکزی ری پلینٹمنٹ پلان

پارہ ایک نیورٹاکن اور بھاری دھات ہے جو ماحول میں لمبے عرصے کے لئے رہتی ہے۔ پارے کے اخراج کو مناسب طریقے سے فوراً صاف کرنے کی ضرورت ہوتی ہے تاکہ لوگوں کو اس کے مضر اثرات سے بچایا جاسکے۔ پارے کی زہریلی اور ماحول کے لئے مضر خصوصیات کے پیش نظر کمپنی نے کامیابی سے مرکزی تھرمامیٹر ڈیویژن کو ڈیویژنل تھرمامیٹر سے بدل دیا ہے۔

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- xi مومن سون شجر کاری مہم کے دوران کمپنی کے ایمپلائز میں 5000 پھل دار پودوں کی تقسیم۔
- xii انسٹریٹ لائٹنگ کے گروڈھریک کی قسم کے درخت لگانے سے بفر زون کا قیام۔
- xiii پلاسٹک کے شاپنگ بیگ پر پابندی کے حکم نامے کی تشہیر کے لئے ماحولیاتی تحفظ کی سرکاری ایجنسی پاک۔ ای پی اے کو 10000 فلائیرز کا سپانسر۔
- xiv مذکورہ بالا حکم نامے کی تشہیر کے لئے پاک۔ ای پی اے کو 10000 پمفلٹس کا سپانسر۔
- xv ماحول دوست کپڑے کے تھیوں کی پروموشین کے لئے پاک۔ ای پی اے کو 100 تھیوں کا سپانسر۔
- xvi گندے کپڑوں اور چادروں کی محفوظ اور آسان نقل و حمل کے لئے پانی میں حل ہو جانے والے لائڈری بیگز کا استعمال (پائلٹ پروجیکٹ)۔

صدارتین کے تحفظ کے اقدامات

کمپنی اپنے مریضوں، عملے، وزیٹرز اور وینڈرز کو محفوظ ماحول فراہم کرنے اور اسے برقرار رکھنے کے حوالے سے پُر عزم ہے۔ کمپنی اپنی حدود، ہیلتھ اور سیفٹی کو سیفٹی مینجمنٹ پلان کے اطلاق کے ذریعے یقینی بنانے کی کوشش کرتی ہے جو تمام سہولتوں، لوگوں، کنٹریکٹرز، آلات اور پرسنل، خود مختار اداروں اور کارپوریٹ فنکشنز پر لاگو ہوتا ہے۔ صدارتین کے تحفظ کے ضمن میں درج ذیل اقدامات کئے گئے:

1- ضرورسانی کا تجزیہ اور خطرے کی جانچ

ہسپتال بھر میں ضرورسانی کے تجزیے اور خطرے کی جانچ پالیسی کے مطابق تمام اوپی ڈیز، آئی پی ڈیز اور سپورٹ فنکشن ڈیپارٹمنٹس میں سالانہ بنیادوں پر خطرے کی جانچ کی جاتی ہے۔ اگر انفرا سٹرکچر، سسٹم اور ٹیکنالوجی میں بڑی تبدیلیاں آئی ہوں تو یہ جانچ سال سے پہلے بھی کی جاتی ہے اور ضروری اقدامات لئے جاتے ہیں تاکہ ان سے متعلقہ خطرے کو قابل قبول حد تک کم کیا جاسکے۔

2- ڈیزاسٹر اور کمیونیکیشن ڈرل

کمپنی نے تمام ایریاز اور پہلوؤں کو کور کرتے ہوئے سالانہ ڈیزاسٹر اور کمیونیکیشن ڈرل کی۔ علاوہ ازیں ایچ آر ڈیپارٹمنٹ نے شفا تعمیر ملت یونیورسٹی سے طلباء، ڈاکٹروں اور فوکل پرسنل پر مشتمل 84 رضا کاروں کی ایک ٹیم بھی حاصل کی ہے تاکہ کسی آفت میں سٹاف کی کمی صورت میں ان کو بلا یا جاسکے۔

3- کال بیل پر مریضوں کی آگاہی

مریضوں کے دواش روم میں نصب شدہ کال بیل خطرے کی نوعیت کی نشاندہی کے لئے استعمال کی جاتی ہے اس کے درست استعمال اور مریض کی کال پر سٹاف کے مستعد رسپانس کو یقینی بنانے کے لئے دوزبانوں میں استعمال کی ہدایات تصاویر کے ساتھ تیار کی گئی ہیں۔

4- عملے اور صدارتین کا تحفظ

عملے اور صدارتین کے تحفظ کو یقینی بنانے کے لئے ایمرجنسی ہاٹ لائن 4444 آگ کی اطلاع اور سیکیورٹی ایمرجنسی کے لئے مختص کی گئی ہے۔ ایمرجنسی رسپانس ٹیم اس طرح کی ہنگامی صورت میں فوراً مدد کو پہنچتی اور ضروری اقدامات لیتی ہے۔

سیفٹی اینڈ سیکیورٹی ڈیپارٹمنٹ کی بنیادی ذمہ داری کمپنی کے عملے اور مریضوں کا تحفظ ہے۔ ڈیپارٹمنٹ یہ مقصد درج ذیل کام سرانجام دے کر حاصل کرتا ہے:

- i خطرے اور ضرورسانی کا تجزیہ اور اس کے مطابق ایکشن پلان کی تیاری۔
- ii ہسپتال کے احاطے پر نظر رکھنے کے لئے پوسٹس کا قیام اور پیدل پیٹرولنگ۔
- iii ہسپتال کے احاطے کے گیٹس اور داخلے دروازوں تک رسائی پر کنٹرول۔
- iv سیکیورٹی کی صورت حال میں ایمرجنسی رسپانس کی فراہمی اور فوری ایکشن۔
- v سیکیورٹی کے واقعات اور صدارتین کی شکایات کا مکمل ریکارڈ۔ ان مسائل کے حل کے لئے تصحیحی اور روک تھام کے اقدامات لئے جاتے ہیں۔

کمپنی کی ویب سائٹ

شفا انٹرنیشنل ہسپتال لمیٹڈ ویب پر موجود ہے اور www.shifa.com.pk پر قابل رسائی ہے۔

قومی خزانے میں حصہ

زیر جائزہ سال میں قومی خزانے میں کمپنی کا پیش کردہ حصہ درج ذیل ہے:

2020	
(روپے 000 میں)	
296,459	براہ راست ٹیکسز
154,919	بالواسطہ ٹیکسز
673,724	سپلائرز، ملازمین وغیرہ سے ٹیکس کٹوتی
1,125,102	کل رقم

توانائی کا تحفظ

کمپنی ملک میں توانائی کے بحران سے آگاہ ہے اور ہمیشہ مختلف اقدامات کے ذریعے توانائی بچانے کی کوشش کرتی ہے جن میں درج ذیل امور شامل ہیں لیکن یہ کوشش یہاں تک محدود نہیں:

- پوری کمپنی میں روایتی لائٹس کی جگہ توانائی کی بچت والی ایل ای ڈی لائٹس کی تنصیب۔
 - سٹارٹ ہونے کے وقت زیادہ توانائی صرف کرنے والی موٹروں کی جگہ پانی کے پمپنگ پلانٹ اور ایچ وی اے سی میں تغیر پذیر فریکوئنسی ڈرائیوز کی تنصیب۔
 - ایف این ایس ڈی میں بھاپ سے چلنے والی ڈش واشنگ مشین کے ذریعے 166,440 کلو واٹ آورز بجلی کی بچت اور 58.25 ٹن کاربن اخراج میں کمی۔
- مذکورہ بالا اقدامات کے نتیجے میں کمپنی نے تقریباً 9 ملین روپے بچائے۔ علاوہ ازیں کمپنی ایک میگا واٹ صلاحیت والے سٹش توانائی کا سسٹم لگانے کی منصوبہ بندی کر رہی ہے تاکہ قابل تجدید سٹش توانائی سے بجلی پیدا کی جاسکے۔

ماحولیاتی تحفظ کے اقدامات

کمپنی دیرپا ماحولیاتی تحفظ کے لئے پرعزم ہے۔ سبہ ماہی بنیادوں پر جانچ کی جاتی ہے تاکہ ماحولیاتی حوالے سے حفاظتی اقدامات کے موثر ہونے اور بینیشنل انوائرنمنٹل کوالٹی سٹینڈرڈز (این ای کیو ایس) کے مطابق ہونے کو یقینی بنایا جاسکے۔ اس سلسلے میں درج ذیل اقدامات کئے گئے:

- گیس سے چلنے والے تین بوائمرز کے اخراج کی نگرانی
- 5 گیس جنریٹروں کے اخراج کی نگرانی
- 3 ڈیزل جنریٹروں کے اخراج کی نگرانی
- 12 ایچ وی اے سی چلرز کے اخراج کی نگرانی
- انسز بیٹر کے اخراج کی نگرانی
- پانی کا تجزیہ (فزیو کیمیکل اور بائیو لاجیکل معیارات پر)
- گندے پانی کا تجزیہ
- پاور ہاؤسز، ایلپیو بیٹرومز اور حساس ایریا میں شور کی نگرانی
- داخلی ہوا کے معیار کی نگرانی کے ذریعے ماحولیاتی نگرانی
- بائیونک اور اے بائیونک ماحولیاتی اجزاء کے ساتھ ساتھ مقامی جانداروں کے قدرتی مسکن کے تحفظ کے لئے تووال ضلع فتح جنگ میں جسمانی اعضاء کی تدفین کی جگہ کی ماحولیاتی اور سماجی سکریننگ۔

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- ii شفا انٹرنیشنل ہسپتال لمیٹڈ کے کھاتے باقاعدگی سے تیار کئے جاتے ہیں جیسا کہ کمپنیز ایکٹ 2017ء کے تحت مطلوب ہوتا ہے۔
- iii مالیاتی گوشواروں کے تیار کرنے میں مسلسل مناسب پالیسیوں کا اطلاق کیا گیا ہے سوائے اکاؤنٹنگ پالیسیوں میں تبدیلی کے جن کا ذکر مالیاتی گوشواروں کے نوٹ نمبر 4 پر کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور دانشمندانہ فیصلے ہیں۔
- iv مالیاتی گوشواروں کے بنانے میں، پاکستان میں قابل عمل بین الاقوامی اکاؤنٹنگ معیارات کو ملحوظ خاطر رکھا گیا ہے۔
- v اندرونی کنٹرول کا نظام بہترین خدو خال پر بنایا گیا ہے، موثر طور پر لاگو کیا گیا ہے اور نگرانی کی جاتی ہے۔
- vi کوڈ کے مطابق کارپوریٹ گورننس کے بہترین طریقوں کو مدنظر رکھتے ہوئے ان سے روگردانی نہیں کی گئی۔
- vii چلتے ہوئے کاروباری ادارہ کے طور پر کمپنی کی صلاحیت پر کوئی اہم شکوک و شبہات نہیں پائے گئے۔

آپریٹنگ اور فنانشل معلومات

صفحہ نمبر 58 پر گزشتہ چھ سال کی کلیدی کاروائیوں اور مالیاتی اعداد و شمار کا خلاصہ دیا گیا ہے۔

گریجویٹ فنڈ

نوٹس برائے مالیاتی گوشوارے کا نوٹ نمبر 11.4 سرمایہ کاری کی قدر برائے گریجویٹ فنڈ اکاؤنٹ کو ظاہر کرتا ہے۔

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ کا پیٹرن اور اس سے متعلق اضافی معلومات صفحہ نمبر 216 پر دی گئی ہیں۔

ریکارڈ کا تحفظ

کمپنی کے مالیاتی ریکارڈ کی محفوظ کسٹڈی اور سٹوریج کی غرض سے مالیاتی معلومات کو درج اور پراسیس کرنے کے لئے کمپنی نے اوریکل ای آر پی نظام زیر استعمال لایا۔ تمام ڈیٹا کمپنی کے اپنے ڈیٹا سینٹر میں محفوظ کیا جاتا ہے جس کو ڈیٹا ضائع ہونے سے محفوظ رکھنے کے لئے انڈسٹری کی جدید ترین گائیڈ لائنز پر ڈیزائن کیا گیا ہے۔ علاوہ ازیں ڈیٹا ضائع ہونے سے حفاظت یقینی بنانے کے لئے بیک اپ اور ریکوری کا مضبوط میکانیزم لاگو کیا گیا ہے۔

بڑی تبدیلیاں (میٹرل پیچھے)

30 جون 2020 سے اس رپورٹ کی تاریخ تک کوئی بڑی تبدیلی عمل میں نہیں آئی اور کمپنی نے اس عرصے میں کوئی ایسی کٹمنٹ نہیں کی جو اس کی مالی پوزیشن پر برا اثر ڈالے۔

کمپنی کے قانونی آڈیٹرز

34 ویں سالانہ اجلاس عام کے اختتام پر موجودہ آڈیٹرز میسرز گرانٹ تھارن انجم رحمن دستبردار ہو رہے ہیں اور اہلیت کے معیار پر پورا اترنے کے باعث انہوں نے اپنے آپ کو دوبارہ تعیناتی کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر میسرز گرانٹ تھارن انجم رحمن چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز برائے سال 30 جون 2021 تک کیلئے دوبارہ تعیناتی کی سفارش کی ہے۔

متعلقہ پارٹی سے لین دین معاملات

تمام متعلقہ پارٹی لین دین معاملات کی منظوری بورڈ آف ڈائریکٹرز نے دے دی ہے۔ کمپنی ایسے تمام معاملات کا مکمل ریکارڈ بشمول شرائط برقرار رکھتی ہے۔ ایسے متعلقہ پارٹی معاملات کی اطلاع مالیاتی گوشواروں کے نوٹس میں نوٹ نمبر 37 پر دی گئی ہے۔

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے 10 میں سے 8 ڈائریکٹرز (80%) نے ڈائریکٹرز کا تربیتی پروگرام مکمل کیا جو کوڈ کی ذیلی شق (ii) 19 میں مختص کردہ معیار کی شرائط پوری کرتا ہے۔ باقی کے ڈائریکٹرز بھی کوڈ میں مقرر کردہ وقت کے مطابق ڈائریکٹرز کے تربیتی پروگرام مکمل کریں گے۔
ڈائریکٹرز کے تربیتی پروگرام سے سرٹیفائیڈ ڈائریکٹرز کی تفصیل درج ذیل ہے:

1. ڈاکٹر حبیب الرحمان
2. ڈاکٹر منظور ایچ قاضی
3. جناب محمد زاہد
4. ڈاکٹر سمیعہ کوثر احمد
5. سید الیاس احمد
6. پروفیسر ڈاکٹر شعیب احمد خان
7. ڈاکٹر محمد نسیم انصاری
8. جناب جاوید کے صدیقی

کارپوریٹ بریفینگ سیشن

زیر جائزہ سال میں کمپنی نے سرمایہ کاروں اور حصہ داروں کو کمپنی کی مالیاتی کارکردگی اور مستقبل کے منظر نامہ کے حوالے سے معلومات دینے کے لئے کراچی میں کارپوریٹ بریفینگ سیشن منعقد کیا۔

ذیلی اور منسلک کمپنیاں

30 جون 2020 کو شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ، شفا انٹرنیشنل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ اور شفا انٹرنیشنل ڈی ڈبلیو سی۔ ایل ایل سی، شفا انٹرنیشنل ہسپتال لمیٹڈ کی کلی ملکیتی ذیلی کمپنیاں تھیں۔ جبکہ شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ اور شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ، شفا انٹرنیشنل ہسپتال لمیٹڈ کی ذیلی کمپنیاں تھیں جن میں کمپنی کے بالترتیب 55% اور 56% شیئرز تھے۔ مذکورہ بالا کے علاوہ شفا کیٹر (پرائیویٹ) لمیٹڈ، شفا انٹرنیشنل ہسپتال لمیٹڈ کی منسلک کمپنی ہے جس میں شفا کے شیئرز 50% ہیں۔
اب تک کے مطابق ذیلی اور منسلک کمپنیوں کی تفصیل اور ہر ایک ذیلی اور منسلک کمپنی میں کمپنی کے فیصد حصص کی تفصیل درج ذیل ہے:

نمبر شمار	کمپنی کا نام	نوعیت	شفا انٹرنیشنل ہسپتال لمیٹڈ کے حصص (فیصد)
1.	شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ	ذیلی کمپنی	55
2.	شفا کیٹر (پرائیویٹ) لمیٹڈ	منسلک کمپنی	50
3.	شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ	ذیلی کمپنی	56
4.	شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ	کلی ملکیت ذیلی کمپنی	100
5.	شفا انٹرنیشنل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ	ذیلی کمپنی	60
6.	شفا انٹرنیشنل ڈی ڈبلیو سی۔ ایل ایل سی	کلی ملکیت ذیلی کمپنی	100

ڈائریکٹرز کی ذمہ داری کا بیان

ڈائریکٹرز درج ذیل امور کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک اور کوڈ کی تعمیل کی تصدیق کرتے ہیں۔

i- شفا انٹرنیشنل ہسپتال لمیٹڈ کی منجمنٹ کے تیار کردہ مالیاتی گوشوارے کمپنی کے کاروباری معاملات، کمپنی آپریشنز کے نتائج، نقدی گوشوارے اور کاروبار میں تبدیلی کی اصل حالت کو پیش کر رہے ہیں۔

ڈائریکٹرز رپورٹ

2. پروفیسر ڈاکٹر شعیب احمد خان ممبر، نان ایگزیکٹو ڈائریکٹر

3. ڈاکٹر محمد نسیم انصاری ممبر، آزاد ڈائریکٹر

بورڈ نے رسک مینجمنٹ کمیٹی کے کئی اور آرژیکٹرز اور آڈٹ کمیٹی دونوں کی چھ میٹنگز منعقد ہوئیں۔

بورڈ اور آڈٹ کمیٹی کے اجلاس کی تعداد و حاضری

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی دونوں کی چھ میٹنگز منعقد ہوئیں۔

ہر ڈائریکٹر کی میٹنگز میں شرکت کا شمار درج ذیل ہے:

ڈائریکٹر کا نام	بورڈ میٹنگز میں شرکت کی تعداد	آڈٹ کمیٹی میں شرکت کی تعداد
ڈاکٹر حبیب الرحمن	06	06
ڈاکٹر منظور ایچ قاضی	06	لاگو نہیں
جناب محمد زاہد	06	لاگو نہیں
جناب شفقت علی چوہدری	03	لاگو نہیں
جناب قاسم فاروق احمد	05	لاگو نہیں
ڈاکٹر سمیعہ کوثر احمد	06	06
سید الیاس احمد	06	06
پروفیسر ڈاکٹر شعیب احمد خان	05	لاگو نہیں
ڈاکٹر محمد نسیم انصاری	05	لاگو نہیں
جناب جاوید کے صدیقی	05	06

جناب جاوید کے صدیقی 9 اگست 2019 کو تعینات ہوئے تھے اور اس کے بعد سے 30 جون 2020 تک بورڈ کے صرف پانچ اجلاس منعقد ہوئے۔

چند بورڈ میٹنگز میں شامل نہ ہو سکنے والے ڈائریکٹرز کو رخصت دی گئی۔

بورڈ کی کارکردگی کی جانچ

کوڈ کے تقاضے کے مطابق کمپنی کا بورڈ سالانہ بنیادوں پر اپنی کارکردگی کا جائزہ لیتا ہے جس میں بورڈ کی ساخت و خصوصیات، کردار و ذمہ داریاں، انتظامیہ کے ساتھ تعلقات کا راور ہسپتال سے متعلقہ اقدامات وغیرہ شامل ہوتے ہیں۔

بورڈ کی مجموعی کارکردگی اطمینان بخش رہی جس کا تعین منظور شدہ معیار پر کیا گیا تھا۔

ڈائریکٹرز کا معاوضہ

کمپنی کا بورڈ کمپنی کے قواعد و ضوابط، کمپنیز ایکٹ 2017 اور کوڈ کی روشنی میں بورڈ کے ارکان کے معاوضے کا تعین اور منظوری کرتا ہے۔ ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے معاوضے کی تفصیل مالی گوشوارے کے نوٹس میں نمبر 38 میں فراہم کی گئی ہے۔

حصص کی تجارت

زیر جائزہ سال کے دوران بڑے حصص دار تعمیر ملت فاؤنڈیشن کو 10,000 حصص کا عطیہ ملا اور اس کی شیئر ہولڈنگ میں 10,000 کا اضافہ ہوا۔ اس کے علاوہ کسی اور ڈائریکٹرز، چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری، ایگزیکٹوز اور ان کی بیویوں اور نابالغ بچوں یا دوسرے بڑے حصص دار نے سال کے دوران کمپنی کے حصص کی تجارت نہیں کی۔

زیر جائزہ سال کے دوران آزاد ڈاکٹر شاہ نوید سعید کے استعفیٰ دینے سے بورڈ میں ایک عارضی آسامی پیدا ہوئی۔ بورڈ نے ریکارڈ پر شاہ نوید سعید صاحب کی اپنے سارے عرصے میں مسلسل سپورٹ اور وابستگی کو سراہا۔ یہ آسامی پر کرنے کے لئے جناب جاوید کے صدیقی کو 9 اگست 2019 کو شاہ نوید سعید کی جگہ آزاد ڈاکٹر تعینات کیا گیا۔ بورڈ جناب جاوید کے صدیقی صاحب کا کمپنی کے بورڈ پر خیر مقدم کرتا ہے جو پیشے کے لحاظ سے چارٹرڈ اکاؤنٹنٹ ہیں اور کمپنی ان کے متنوع تجربے سے فائدہ لے رہی ہے۔

آڈٹ کمیٹی

آزاد ڈاکٹر شاہ نوید سعید کے استعفیٰ کے بعد جو کہ آڈٹ کمیٹی کے چیئرمین بھی تھے کمپنی کی آڈٹ کمیٹی 19 اگست 2019 کو نئے سرے سے تشکیل دی گئی ہے جو درج ذیل ہے:

1. سید الیاس احمد چیئرمین، آزاد ڈاکٹر یکٹر

2. ڈاکٹر حبیب الرحمان ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

3. ڈاکٹر سمعیہ کوثر احمد ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

4. جناب جاوید کے صدیقی ممبر، آزاد ڈاکٹر یکٹر

آڈٹ کمیٹی کے حوالے کی شرائط، (ٹی او آر) کوڈ کی دفعات کے تحت تیار کئے گئے تھے اور کمیٹی ان کے مطابق کام کرتی ہے۔ آڈٹ کمیٹی کے مشاہدات / سفارشات کمیٹی کے چیئرمین کی طرف سے بورڈ کو پونجائی جاتی ہیں۔ کمیٹی نے 30 جون 2020 کو ختم ہونے والے سال کے دوران چار بار اپنا اجلاس منعقد کیا۔ علاوہ ازیں آڈٹ کمیٹی کے مزید دو اجلاس ہوئے جن میں ایک بار ہیڈ آف انٹرنل آڈٹ اور سی ایف او کے بغیر بیرونی آڈیٹرز کے ساتھ اور ایک باری ایف او اور بیرونی آڈیٹرز کی غیر موجودگی میں ہیڈ آف انٹرنل آڈٹ کے ساتھ اجلاس ہوا۔

کمیٹی برائے انسانی وسائل و معاوضہ

کمیٹی برائے انسانی وسائل و معاوضہ کی تشکیل نو بھی 19 اگست 2019 کو کی گئی، یہ کمیٹی درج ذیل ارکان پر مشتمل ہے:

1. سید الیاس احمد چیئرمین، آزاد ڈاکٹر یکٹر

2. ڈاکٹر حبیب الرحمان ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

3. ڈاکٹر منظور ایچ قاضی ممبر، ایگزیکٹو ڈاکٹر یکٹر

4. ڈاکٹر محمد نسیم انصاری ممبر، آزاد ڈاکٹر یکٹر

علاوہ ازیں، بورڈ نے کمیٹی کے ٹی او آر کی منظوری دی اور کمیٹی ان ٹی او آر کی روشنی میں کام کرتی ہے۔ زیر جائزہ سال کے دوران کمیٹی کا ایک اجلاس ہوا۔

کارپوریٹ گورننس اور نامزدگی کمیٹی

بورڈ نے کارپوریٹ گورننس اور نامزدگی کمیٹی بھی تشکیل دی ہے جو درج ذیل ممبران پر مشتمل ہے:

1. جناب محمد زاہد چیئرمین، ایگزیکٹو ڈاکٹر یکٹر

2. ڈاکٹر حبیب الرحمان ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

3. ڈاکٹر منظور ایچ قاضی ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

4. ڈاکٹر سمعیہ کوثر احمد ممبر، نان ایگزیکٹو ڈاکٹر یکٹر

5. جناب جاوید کے صدیقی ممبر، آزاد ڈاکٹر یکٹر

بورڈ نے کارپوریٹ گورننس اور نامزدگی کمیٹی کے ٹی او آر کی منظوری بھی دی ہے اور زیر جائزہ سال میں کمیٹی کا ایک اجلاس منعقد ہوا۔

رسک مینجمنٹ کمیٹی کی تشکیل

کوڈ کی دفعات کے تحت بورڈ نے درج ذیل ممبران پر مشتمل رسک مینجمنٹ کمیٹی بھی تشکیل دی:

1. جناب قاسم فاروق احمد چیئرمین، نان ایگزیکٹو ڈاکٹر یکٹر

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم کمپنی اور اس کی ذیلی کمپنیوں کے 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی نتائج اور آپریشنز کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

کووڈ-19 وباء کی وجہ سے اسلام آباد کی مقامی انتظامیہ نے ہسپتالوں پر شعبہ بیرونی مریضوں میں علاج پر پابندی لگا دی تھی جس کے نتیجے میں مریضوں کے تشخیصی اور دیگر طبی پروسیجر کی تعداد کم ہونے سے آخری سہ ماہی میں کمپنی کی آمدن اور کیش فلو میں نمایاں کمی آئی۔ آخری سہ ماہی میں آمدن میں کمی کا مجموعی اثر تقریباً 1.37 ارب روپے تھا اور اس خسارے سے نپٹنے کے لئے کمپنی نے بینک دولت پاکستان کی اجرتوں اور تنخواہوں کے لئے ری فننس سکیم سے قرض کی سہولت لی۔ مالی سال 2020 کی آخری سہ ماہی کے اختتام کے بعد سے مریضوں کی تعداد میں اضافہ ہوا ہے اور ہم توقع کرتے ہیں کہ اسی حساب سے نتائج میں بہتری آئے گی۔

عملی کارکردگی: چیدہ چیدہ نکات

گزشتہ سال کے اسی مدت کے مقابلے میں کمپنی کی مجموعی آمدنی میں 3.4 فیصد کا اضافہ ہوا ہے۔ تاہم کمپنی کی آپریٹنگ لاگت میں 7.87 فیصد اضافہ ہوا جس کی وجہ استعمال ہونے والی دواؤں اور دیگر سپلائرز کے مہیا کردہ حجم و لاگت، مرمت و بحالی کے اخراجات اور اثاثوں کی بوسیدگی، تنخواہوں و اجرتوں وغیرہ میں اضافہ ہے۔ علاوہ ازیں KIBOR میں اضافے، آئی ایف آر ایس -16 کے اطلاق، لیز کے اخراجات اور طویل المعیاد قرضوں میں اضافے کی وجہ سے مالی لاگت میں مجموعی طور پر اضافہ ہوا۔ ان تمام عوامل کے نتیجے میں خالص منافع بعد از ٹیکسیشن میں 35 فیصد کمی ہوئی۔

زیر جائزہ سال میں منظور شدہ برنس پلان کے مطابق کمپنی نے سیکٹر ایف ایون اسلام آباد اور سیکٹر ایچ ایٹ ون اسلام آباد میں واقع زمین اور عمارت کے لیز کے حقوق شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ اور شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ کو مارکیٹ کے مناسب بھار پر منتقل کئے جن کا تعین آزاد جائچ کار نے کیا تھا۔ کمپنی نے اس لین دین پر حاصل ہونے والے فائدے کو ان کنسولٹیڈ بلڈ مالیاتی گوشواروں کے نفع و نقصان والے اکاؤنٹ میں ظاہر کیا۔ علاوہ ازیں کمپنی نے انٹرنیشنل فنانس کارپوریشن کو 229.29 روپے فی شیئر کے حساب سے 7,436,986 عام حصص جاری کئے جو کہ رائٹ شیئر کے علاوہ تھے۔

فی شیئر آمدنی

زیر جائزہ سال کی فی شیئر آمدنی گزشتہ سال کی 14.25 روپے فی شیئر آمدنی کے مقابلے میں 8.18 روپے رہی۔ اگر لیز شدہ اور ملکییتی زمینوں اور عمارتوں کی فروخت اور تبادلہ نہ ہوتا اور مزید سرمائے کا اجراء نہ ہوتا تو گزشتہ برس کے 14.25 روپے کے مقابلے میں فی شیئر آمدنی 1.70 روپے ہوتی۔

منافع

موجودہ اقتصادی صورتحال اور وباء کی وجہ سے کمپنی نے 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے لئے منافع تجویز نہ کیا ہے۔ تاہم کمپنی پر عزم ہے کہ حصہ داران کو سرمایہ کاری پر پائیدار بدل ملے اور یقین رکھتی ہے کہ حصہ داران کے سرمائے کی قدر میں نمایاں اضافہ ہوگا جب کمپنی کے تنوع اور سرمایہ کاری کے منصوبے مکمل ہوں گے۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ بشمول تین آزاد ڈائریکٹرز، دو ایگزیکٹو ڈائریکٹرز اور ایک خاتون ڈائریکٹر سمیت دس ڈائریکٹرز پر مشتمل ہے۔ بورڈ میں تنوع کے حوالے سے لٹریچر کمپنیز (کوڈ آف کارپوریشن گورننس) لٹریچر کمپنیز ریگولیشنز 2019 (کوڈ) کی غیر لازم شقوں کی تعمیل میں کمپنی کے بورڈ میں تین ارکان ڈاکٹر، دو آئی ٹی پروفیشنل، تین فارماسسٹ، ایک برنس مین اور ایک چارٹرڈ اکاؤنٹنٹ ہے۔

کمپنی کے بورڈ کے اختیارات اور ذمہ داریاں کمپنی کے قواعد و ضوابط کمپنیز ایکٹ 2017، کوڈ اور دوسرے متعلقہ قوانین کی دفعات سے اخذ کئے گئے ہیں۔ بورڈ نے 30 جون 2020 کو ختم ہونے والے سال کے دوران چھ مرتبہ اپنا اجلاس منعقد کیا۔

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF 34TH ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting (AGM) of the members of Shifa International Hospitals Limited will be held at the registered office (C-0 Auditorium) of the Company at Sector H-8/4, Islamabad on Tuesday, October 27, 2020 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 26, 2019.
2. To receive, consider and adopt the Annual Audited Accounts (consolidated and unconsolidated) of the Company for the year ended June 30, 2020 together with the directors' and auditors' report thereon.

As required under section 223 (7) of the Companies Act, 2017 Financial Statements of the Company have been uploaded on website of the Company which can be downloaded from the following link:

<https://www.shifa.com.pk/annual-reports>

3. To appoint auditors for the year ending June 30, 2021 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants to be re-appointed as auditors of the Company.

By Order of the Board



ISLAMABAD
September 29, 2020

MUHAMMAD NAEEM
Company Secretary

Notes:

- i) Keeping in view the pandemic threat, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 had instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the Company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via Zoom video-link. To attend the meeting via Zoom video-link, members are requested to register themselves by providing

NOTICE OF 34TH ANNUAL GENERAL MEETING

the following information through email at muhammad.naeem@shifa.com.pk on or before October 24, 2020:

Folio No. / CDC Account No.	Name of Shareholder	CNIC No.	Cell No.	Email Address

Members thus registered, after the necessary verification, will be provided a Zoom video link by the Company via return email. The login facility will remain open from 1045 hours till the end of the meeting.

Shareholders who wish to provide suggestions/comments on the agenda of the AGM can email the same at muhammad.naeem@shifa.com.pk or WhatsApp at 0300-8590160.

- ii) The share transfer books of the Company will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the Share Registrar office of the Company i.e. M/s Corplink (Pvt.) Limited situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on Monday, October 19, 2020 will be considered in time for the purpose of attending AGM.
- iii) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the registered office of the Company at Sector H-8/4, Islamabad, not less than 48 hours before the time of holding the meeting. Proxy form is attached with the notice.
- iv) Members are requested to notify any change in their registered addresses immediately.
- v) CDC shareholders entitled to attend and vote at this meeting must bring their original CNIC or Passport along with the participant's ID numbers and account numbers to prove their identity. In case of proxy, the attested copy of CNIC or passport of the CDC shareholder must be enclosed. Representatives of corporate members should bring the usual documents required for such purpose.
- vi) Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of members are mandatorily required for the payment of dividend. Members are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Corplink (Pvt.) Limited.
- vii) Shareholders who have not collected their dividend/physical shares so far are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

- viii) Pursuant to Notification vide SRO. 787(I)/2014 of September 08, 2014, the Securities & Exchange Commission of Pakistan has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to send their consent on a standard request form which is available at Company website (<https://www.shifa.com.pk/wp-content/uploads/2019/12/Financial-Statements-Request-Form.pdf>) duly signed alongwith copy of CNIC/PoA to the Company's Share Registrar.
- ix) Shareholders who wish to receive the hard copy of Financial Statements are requested to fill the standard request form (available on the Company's website <https://www.shifa.com.pk/wp-content/uploads/2014/05/Request-Form-2018.pdf>) and send it to the Company's registered address.
- x) As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shares may please open their CDC sub-account with any of the brokers or investors account directly with CDC to change their physical shares into book entry form.

For any query/information, the shareholders may contact the Company and/or the Share Registrar at the following addresses/contact numbers:

Company's Registered Office

M/s Shifa International Hospitals Limited
Sector H-8/4, Islamabad.
Ph. No. +92-51-8464227

Share Registrar's Office

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Ph. No. +92-42-35916714

STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019 Shifa International Hospitals Limited – Year Ended June 30, 2020

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are Ten(10) as per the following:
 - a. Male: Nine (09)
 - b. Female: One (01)
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Syed Ilyas Ahmed Dr. Mohammad Naseem Ansari Mr. Javed K. Siddiqui
Non-Executive Directors	Dr. Habib-Ur-Rahman Mr. Shafquat Ali Chaudhary Mr. Qasim Farooq Ahmad Dr. Samea Kauser Ahmad (Female Director) Prof. Dr. Shoab Ahmed Khan
Executive Directors	Dr. Manzoor H. Qazi Mr. Muhammad Zahid

*The Code requires that independent directors of a listed company shall not be less one third of total number of directors. The total number of directors of the Company are ten and one third of the same is equal to 3.33. As decimal digit is less than 0.5, therefore, the figure 3.33 has been rounded off to 3.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. As at June 30, 2020 eighty percent (80%) of the existing Board members have attended the Directors' Training Program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) Audit Committee**
- Syed Ilyas Ahmed (Chairman)
 - Dr. Habib Ur Rahman
 - Dr. Samea Kauser Ahmad
 - Mr. Javed K. Siddiqui
- b) Human Resource & Remuneration Committee**
- Syed Ilyas Ahmed (Chairman)
 - Dr. Habib Ur Rahman
 - Dr. Manzoor H. Qazi
 - Dr. Mohammad Naseem Ansari
- c) Corporate Governance & Nominations Committee**
- Mr. Muhammad Zahid (Chairman)
 - Dr. Habib Ur Rahman
 - Dr. Manzoor H. Qazi
 - Dr. Samea Kauser Ahmad
 - Mr. Javed K. Siddiqui
- d) Risk Management Committee**
- Mr. Qasim Farooq Ahmad (Chairman)
 - Prof. Dr. Shoab A. Khan
 - Dr. Mohammad Naseem Ansari
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- Audit Committee: Quarterly
 - HR and Remuneration Committee: Yearly
 - Corporate Governance & Nominations Committee: Yearly
 - Risk Management Committee: Yearly
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and



DR. HABIB-UR-RAHMAN
Chairman



DR. MANZOOR H. QAZI
Chief Executive Officer

ISLAMABAD
September 26, 2020

SIX YEARS AT A GLANCE

		2020	2019	2018	2017	2016	2015
PERFORMANCE							
Operating profit margin	%	10.50	9.94	8.04	10.04	13.16	11.95
Net profit margin	%	4.16	6.62	5.42	6.55	8.71	7.19
Return on equity	%	7.53	14.43	11.14	13.05	20.46	18.85
Return on assets	%	8.36	9.79	8.14	11.99	15.97	14.47
Asset turnover	Times	0.80	0.98	1.01	1.19	1.21	1.21
CAPITAL MARKET/CAPITAL STRUCTURE ANALYSIS							
Market value per share (year end)	Rs.	233.36	219.80	270.00	330.00	300.00	250.50
Breakup value per share	Rs.	125.33	103.54	93.99	89.32	81.13	59.51
Market price to breakup value	Times	1.86	2.12	2.87	3.69	3.70	4.21
Earnings per share	Rs.	8.18	14.25	10.21	11.12	14.68	10.52
Price earning ratio	Times	28.53	15.42	26.44	29.68	20.44	23.81
Dividend per share	Rs.	2.55	4.50	5.00	3.00	6.50	3.00
Dividend yield/effective dividend rate	%	1.09	2.05	1.85	0.91	2.17	1.20
Interest cover	Times	2.67	12.29	14.41	13.99	10.54	5.57
Debt : equity	Ratio	34:66	31:69	25:75	9:91	16:84	28:72
LIQUIDITY							
Current ratio		1.32	0.81	0.83	0.97	1.37	0.87
Quick ratio		1.10	0.63	0.64	0.76	1.16	0.66

HISTORICAL TRENDS

FINANCIAL POSITION

	Rs in '000'					
Authorized share capital	1,000,000	1,000,000	1,000,000	545,379	545,379	545,379
Share capital	619,749	545,379	545,379	545,379	545,379	505,138
Capital reserve	2,751,283	1,046,025	1,046,025	1,046,025	1,046,025	40,000
Surplus on revaluation of PP&E	760,346	772,019	723,310	726,760	742,191	751,182
Unappropriated profit	3,636,170	3,283,636	2,811,117	2,553,295	2,090,865	1,709,813
Share holders' equity	7,767,548	5,647,059	5,125,831	4,871,459	4,424,460	3,006,133
Non current liabilities	3,962,551	2,717,345	1,882,076	581,874	927,597	1,290,733
Current liabilities	3,529,154	3,573,255	3,137,871	2,295,152	1,842,642	1,822,423
Total	15,259,253	11,937,659	10,145,778	7,748,485	7,194,699	6,119,289
Property, plant and equipment	6,991,936	6,845,816	6,028,882	5,457,545	4,606,615	4,485,977
Investment property	-	1,642,085	1,401,837	-	-	-
Intangible	57,414	83,711	33,477	10,585	-	-
Long term investment	2,933,524	79,833	18,120	18,120	18,000	18,000
Long term deposits	111,740	87,211	60,736	45,273	39,677	38,129
Current assets	4,669,661	2,891,682	2,602,726	2,216,962	2,530,407	1,577,183
Non current assets held for sale	494,978	307,321	-	-	-	-
Total	15,259,253	11,937,659	10,145,778	7,748,485	7,194,699	6,119,289

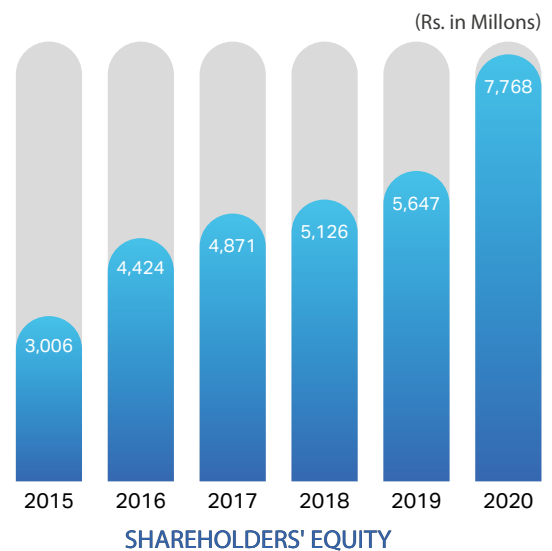
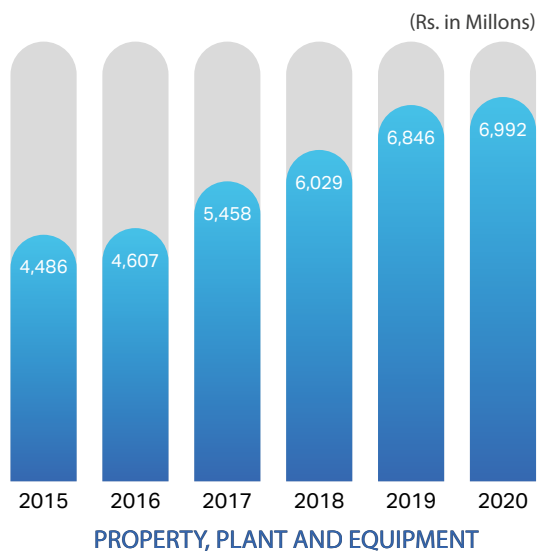
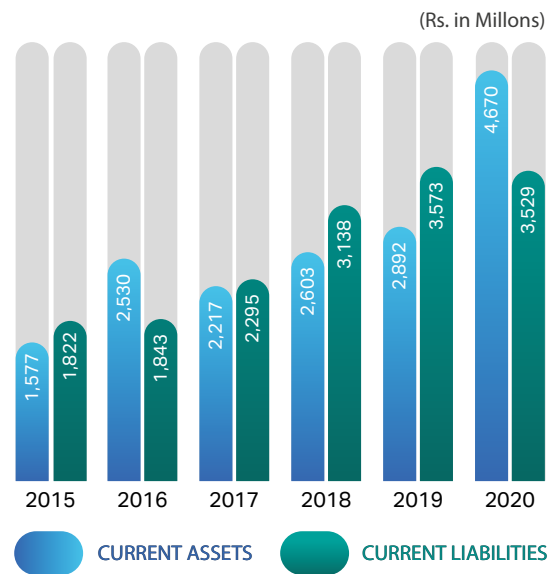
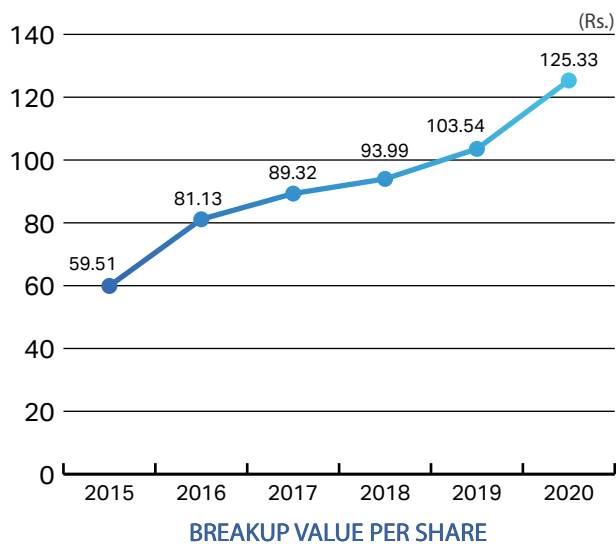
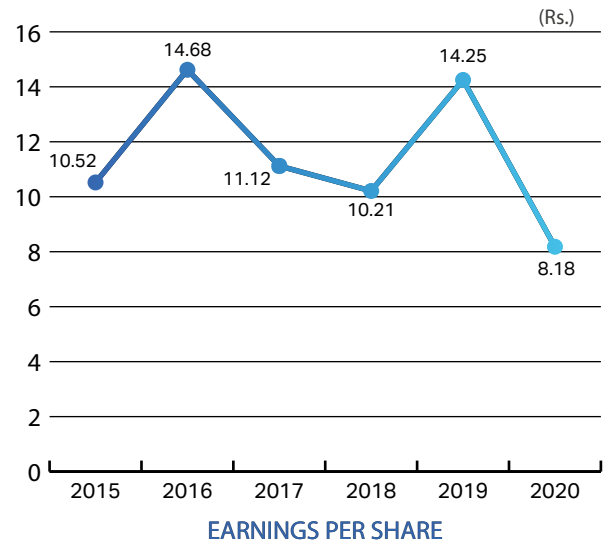
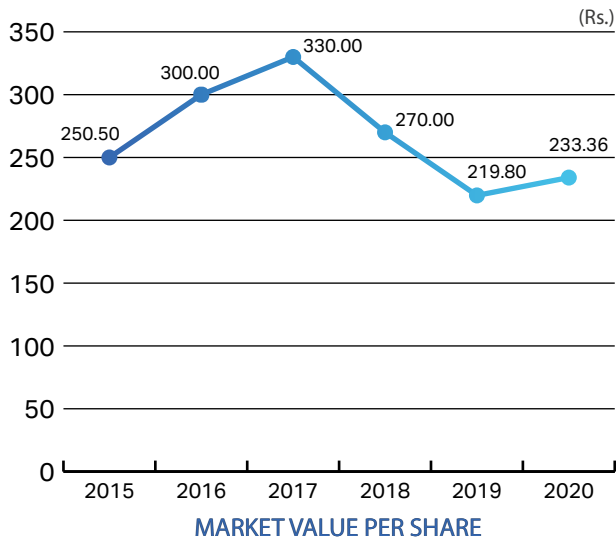
OPERATING RESULTS

	Rs in '000'					
Net revenue	12,151,762	11,754,393	10,270,597	9,257,009	8,730,803	7,410,022
Operating costs	(11,480,652)	(10,642,312)	(9,508,191)	(8,464,606)	(7,668,538)	(6,579,618)
Other income	637,219	44,290	63,084	136,579	86,760	55,288
Expected credit (losses)/reversal	(32,278)	11,853	-	-	-	-
Operating profit	1,276,051	1,168,224	825,490	928,982	1,149,025	885,692
Finance cost	(478,598)	(95,087)	(57,280)	(66,389)	(108,997)	(158,914)
Provision for taxation	(292,262)	(295,803)	(211,522)	(256,166)	(279,930)	(193,768)
Profit after taxation	505,191	777,334	556,688	606,427	760,098	533,010

CASH FLOW SUMMARY

	Rs in '000'					
Net cash generated from operating activities	321,405	1,725,551	902,302	1,037,835	1,033,182	1,158,863
Net cash used in investing activities	(1,180,120)	(1,996,448)	(2,101,707)	(1,323,953)	(498,613)	(534,181)
Net cash generated from/ (used in) financing activities	2,348,331	592,927	892,154	(514,959)	398,912	(485,424)
Changes in cash & cash equivalent (C&CE)	1,489,616	322,030	(307,251)	(801,077)	933,481	139,258
Cash & cash equivalents at beginning of year	794,696	473,479	781,194	1,582,690	649,702	510,612
Effect of exchange rate change on C&CE	113,740	(813)	(464)	(419)	(493)	(168)
Cash & cash equivalents at end of year	2,398,052	794,696	473,479	781,194	1,582,690	649,702

SIX YEARS AT A GLANCE - GRAPHS



HORIZONTAL ANALYSIS

	2020		2019	
	Rs in '000'	20 Vs. 19 %	Rs in '000'	19 Vs. 18 %
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION				
SHARE CAPITAL & RESERVES				
Share capital	619,749	14	545,379	-
Capital reserves	2,751,283	163	1,046,025	-
Surplus on revaluation of PP&E	760,346	(2)	772,019	6.7
Unappropriated profit	3,636,170	11	3,283,636	17
Shareholders' equity	7,767,548	38	5,647,059	10
Non current liabilities	3,962,551	46	2,717,345	44
Current liabilities	3,529,154	(1)	3,573,255	14
Total	15,259,253	28	11,937,659	18
ASSETS				
Property, plant and equipment (PP&E)	6,991,936	2	6,845,816	14
Investment property	-	(100)	1,642,085	17
Intangible assets	57,414	(31)	83,711	150
Long term investments - at cost	2,933,524	3,575	79,833	341
Long term deposits	111,740	28	87,211	44
Current assets	4,669,661	61	2,891,682	11
Non current assets held for sale	494,978	61	307,321	100
Total	15,259,253	28	11,937,659	18
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS				
Net revenue *	12,151,762	3	11,754,393	14
Operating costs **	(11,480,652)	8	(10,642,312)	12
Other income	637,219	1,339	44,290	(30)
Expected credit (losses)/reversal	(32,278)	(372)	11,853	100
Operating profit	1,276,051	9	1,168,224	42
Finance costs	(478,598)	403	(95,087)	66
Provision for taxation	(292,262)	(1)	(295,803)	40
Profit after taxation	505,191	(35)	777,334	40

* Revenue earned during the year under review increased from Rs. 11,754 million to Rs. 12,152 million as compared to last year showing 3.4% growth. The main reason for this decline in growth is due to pandemic Covid 19. [see refer note 45 to the unconsolidated financial statements] .

** With the increase in cost and volume of supplies and medicines consumed, increase in depreciation/amortization, repair & maintenance and salaries, wages and benefits expenses etc., the operating cost has been increased to Rs. 11,481 million from Rs. 10,642 million.

2018		2017		2016		2015	
Rs in '000'	18 Vs. 17 %	Rs in '000'	17 Vs. 16 %	Rs in '000'	16 Vs. 15 %	Rs in '000'	15 Vs. 14 %
545,379	-	545,379	-	545,379	8	505,138	-
1,046,025	-	1,046,025	-	1,046,025	2,515	40,000	-
723,310	(1)	726,760	(2)	742,191	(1)	751,182	(1)
2,811,117	10	2,553,295	22	2,090,865	22	1,709,813	27
5,125,831	5	4,871,459	10	4,424,460	47	3,006,133	13
1,882,076	223	581,874	(37)	927,597	(28)	1,290,733	(20)
3,137,871	37	2,295,152	25	1,842,642	1	1,822,423	14
10,145,778	31	7,748,485	8	7,194,699	18	6,119,289	5
6,028,882	10	5,457,545	18	4,606,615	3	4,485,977	11
1,401,837	100	-	-	-	-	-	-
33,477	216	10,585	100	-	-	-	-
18,120	-	18,120	1	18,000	-	18,000	100
60,736	34	45,273	14	39,677	4	38,129	(6)
2,602,726	17	2,216,962	(12)	2,530,407	60	1,577,183	6
-	-	-	-	-	-	-	(100)
10,145,778	31	7,748,485	8	7,194,699	18	6,119,289	5
10,270,597	11	9,257,009	6	8,730,803	18	7,410,022	16
(9,508,191)	12	(8,464,606)	10	(7,668,538)	17	(6,579,618)	17
63,084	(54)	136,579	57	86,760	57	55,288	(3)
-	-	-	-	-	-	-	-
825,490	(11)	928,982	(19)	1,149,025	30	885,692	7
(57,280)	(14)	(66,389)	(39)	(108,997)	(31)	(158,914)	(17)
(211,522)	(17)	(256,166)	(8)	(279,930)	44	(193,768)	13
556,688	(8)	606,427	(20)	760,098	43	533,010	15

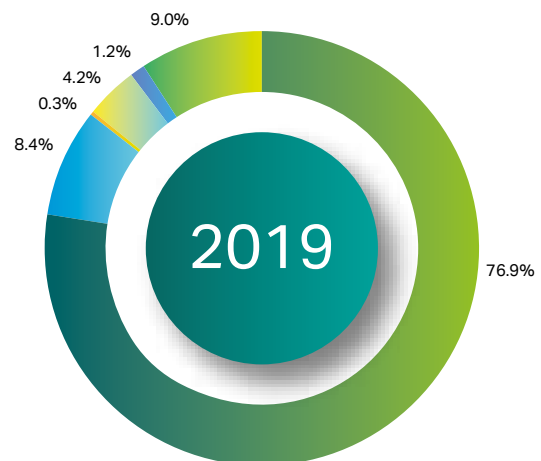
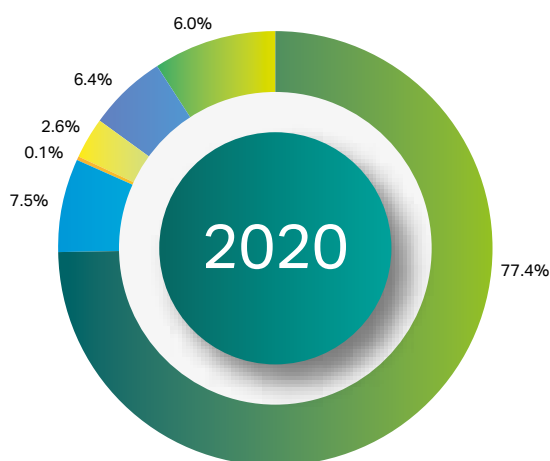
VERTICAL ANALYSIS

	2020		2019	
	Rs in '000'	%	Rs in '000'	%
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION				
SHARE CAPITAL & RESERVES				
Share capital	619,749	4	545,379	5
Capital reserves	2,751,283	18	1,046,025	9
Surplus on revaluation of PP&E	760,346	5	772,019	6
Unappropriated profit	3,636,170	24	3,283,636	27
Shareholders' equity	7,767,548	51	5,647,059	47
Non current liabilities	3,962,551	26	2,717,345	23
Current liabilities	3,529,154	23	3,573,255	30
Total	15,259,253	100	11,937,659	100
ASSETS				
Property, plant and equipment (PP&E)	6,991,936	45.8	6,845,816	57.3
Investment property	-	-	1,642,085	13.8
Intangible	57,414	0.4	83,711	0.7
Long term investments - at cost	2,933,524	19.2	79,833	0.7
Long term deposits	111,740	0.7	87,211	0.7
Current assets	4,669,661	30.6	2,891,682	24.2
Non current assets held for sale	494,978	3.3	307,321	2.6
Total	15,259,253	100	11,937,659	100
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS				
Net revenue	12,151,762	100	11,754,393	100
Operating costs	(11,480,652)	94.5	(10,642,312)	90.5
Other income	637,219	5.2	44,290	0.4
Expected credit (losses)/reversal	(32,278)	0.3	11,853	0.1
Operating profit	1,276,051	10.5	1,168,224	10
Finance cost	(478,598)	3.9	(95,087)	0.8
Provision for taxation	(292,262)	2.4	(295,803)	2.6
Profit after taxation	505,191	4.2	777,334	6.6

2018		2017		2016		2015	
Rs in '000'	%	Rs in '000'	%	Rs in '000'	%	Rs in '000'	%
545,379	5	545,379	7	545,379	8	505,138	8
1,046,025	10	1,046,025	13	1,046,025	14	40,000	1
723,310	7	726,760	9	742,191	10	751,182	12
2,811,117	28	2,553,295	33	2,090,865	29	1,709,813	28
5,125,831	50	4,871,459	62	4,424,460	61	3,006,133	49
1,882,076	19	581,874	8	927,597	13	1,290,733	21
3,137,871	31	2,295,152	30	1,842,642	26	1,822,423	30
10,145,778	100	7,748,485	100	7,194,699	100	6,119,289	100
6,028,882	59.4	5,457,545	70.4	4,606,615	64	4,485,977	73
1,401,837	13.8	-	-	-	-	-	-
33,477	0.3	10,585	0.2	-	-	-	-
18,120	0.2	18,120	0.2	18,000	0.3	18,000	0.3
60,736	0.6	45,273	0.6	39,677	0.6	38,129	0.7
2,602,726	25.7	2,216,962	28.6	2,530,407	35.1	1,577,183	26
-	-	-	-	-	-	-	-
10,145,778	100	7,748,485	100	7,194,699	100	6,119,289	100
10,270,597	100	9,257,009	100	8,730,803	100	7,410,022	100
(9,508,191)	92.6	(8,464,606)	91.4	(7,668,538)	87.8	(6,579,618)	88.8
63,084	0.6	136,579	1.5	86,760	1.0	55,288	0.7
-	-	-	-	-	-	-	-
825,490	8	928,982	10.1	1,149,025	13.2	885,692	11.9
(57,280)	0.6	(66,389)	0.7	(108,997)	1.3	(158,914)	2.1
(211,522)	2	(256,166)	2.8	(279,930)	3.2	(193,768)	2.6
556,688	5.4	606,427	6.6	760,098	8.7	533,010	7.2

STATEMENT OF VALUE ADDITION

	2020		2019	
	Rs. in '000'	%	Rs. in '000'	%
Value added				
Total Revenue inclusive of other income	12,788,981		11,798,683	
Supplies and other operating costs	6,611,420		5,888,751	
Total value added	6,177,561		5,909,932	
Value allocated				
To employees				
Salaries, wages and other benefits	4,647,038	77.4	4,550,186	76.9
To Government				
Income tax, sales tax and federal excise duty etc	447,181	7.5	495,784	8.4
To society				
Donation	8,000	0.1	15,000	0.3
To providers of capital				
Dividend to shareholders	158,036	2.6	245,421	4.2
Finance cost of borrowed funds	385,393	6.4	71,628	1.2
	543,429	9.1	317,049	5.4
Retained in the Company	347,155	6	531,913	9
Total value allocated	6,177,561	100	5,909,932	100



RETAINED IN THE COMPANY

FINANCE COST OF BORROWED FUNDS

DIVIDEND TO SHAREHOLDERS

DONATION

INCOME TAX AND SALES TAX

SALARIES, WAGES AND OTHER BENEFITS



UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Shifa International Hospitals Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

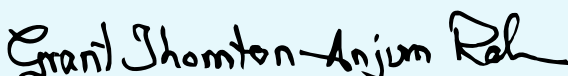
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the board of directors of Shifa International Hospitals Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.



Grant Thornton Anjum Rahman

Chartered Accountants

Islamabad

September 26, 2020

INDEPENDENT AUDITORS' REPORT

To the members of Shifa International Hospitals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shifa International Hospitals Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020 and the unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Adoption of IFRS 16 effective from 1 July 2019</p> <p>The Company has adopted the IFRS 16 'Leases' with effect from 01 July 2019. The new standard which has replaced the previous standard IAS 17 'Lease' specifies how an IFRS adopter will recognize, measure, present and disclose leases. The Company decided to apply the modified retrospective approach for the transition accounting. The application of the new standard gave rise to a right of use assets with a corresponding lease liabilities.</p> <p>The assessment of the impact of new standard is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy election and the implementation process to identify and process all relevant data associated with the leases require judgement. The measurement of the right-of-use assets and lease liabilities is based on assumptions such as discount rates and the lease terms including termination and renewal options. Hence, this is considered a key matter.</p> <p>The lease related disclosure included in Notes to the unconsolidated financial statements are as follows:</p> <ul style="list-style-type: none"> • The transitional impact of IFRS 16 is disclosed in Note 04 to the financial statements; and • The lease related information has been disclosed in Notes 10 and 14 to the financial statements. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the Company's implementation process, including the review of the updated accounting policy and policy elections in accordance with IFRS 16; • We evaluated management assumptions, specifically the assumptions used to determine the discount rates, lease terms and measurement principles; • Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the management for each material lease contract; • Performed substantive procedures on the unconsolidated statement of profit or loss and unconsolidated statement of financial position balances that were subject to the effect of IFRS 16; and • Assessed the modified retrospective application and adequacy of the Company's disclosures of the impact of the new standard in the unconsolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

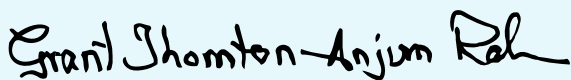
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hassaan Riaz.



Grant Thornton Anjum Rahman

Chartered Accountants

Islamabad

September 26, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	2020	2019
Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each	1,000,000	1,000,000
Issued, subscribed and paid up capital	5 619,749	545,379
Capital reserves		
Share premium	6 2,751,283	1,046,025
Surplus on revaluation of property, plant and equipment	7 760,346	772,019
Revenue reserves		
Unappropriated profit	3,636,170	3,283,636
	7,767,548	5,647,059
NON - CURRENT LIABILITIES		
Long term financing - secured	8 3,141,102	2,333,030
Deferred taxation	9 438,995	384,315
Lease liabilities	10 382,454	-
	3,962,551	2,717,345
CURRENT LIABILITIES		
Trade and other payables	11 2,984,085	3,328,432
Unclaimed dividend	36,665	48,671
Markup accrued	12 34,784	30,406
Current portion of long term financing - secured	8 290,556	165,746
Current portion of lease liabilities	10 183,064	-
	3,529,154	3,573,255
	15,259,253	11,937,659
CONTINGENCIES AND COMMITMENTS	13	

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE

	2020	2019
Note	(Rupees in '000')	
NON - CURRENT ASSETS		
Property, plant and equipment	14 6,991,936	6,845,816
Investment property	15 -	1,642,085
Intangible assets	16 57,414	83,711
Long term investments - at cost	17 2,933,524	79,833
Long term deposits	18 111,740	87,211
	10,094,614	8,738,656
CURRENT ASSETS		
Stores, spare parts and loose tools	19 151,312	131,637
Stock-in-trade	20 646,353	496,758
Trade debts	21 511,624	581,466
Loans and advances	22 390,186	412,803
Deposits, prepayments and other receivables	23 93,656	61,026
Markup accrued	253	486
Investment - at amortized cost	24 3,000	3,000
Tax refunds due from the government (net of provision)	25 478,225	412,810
Cash and bank balances	26 2,395,052	791,696
	4,669,661	2,891,682
Non - current assets held for sale	27 494,978	307,321
	15,259,253	11,937,659



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
Net revenue	28	12,151,762	11,754,393
Other income	29	637,219	44,290
Operating costs	30	(11,480,652)	(10,642,312)
Finance costs	31	(478,598)	(95,087)
Expected credit (losses)/reversal	40.1.3	(32,278)	11,853
Profit before taxation		797,453	1,073,137
Provision for taxation	32	(292,262)	(295,803)
Profit after taxation		505,191	777,334
Earnings per share - basic and diluted - (Rupees)	33	8.18	14.25

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000')	
Profit after taxation	505,191	777,334
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Loss on remeasurement of staff gratuity fund benefit plan	(22,542)	(7,671)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	6,538	2,225
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(16,004)	(5,446)
Surplus on revaluation of property, plant and equipment	9,710	57,739
Total comprehensive income for the year	498,897	829,627

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	797,453	1,073,137
Adjustments for:		
Depreciation/amortization on tangible assets	791,810	552,519
Amortization on intangible assets	26,297	15,819
Expected credit losses/(reversal)	32,278	(11,853)
Property, plant and equipment written off	5,273	3,198
Gain on disposal of tangible assets	(471,572)	(4,053)
Gain on disposal of investment	-	(2,201)
Provision for compensated absences	46,706	44,674
Provision for gratuity	123,824	111,351
Provision for slow moving stores	1,438	999
Liabilities written back	(8,113)	(1,102)
Profit on investments and bank deposits	(12,302)	(6,161)
(Gain)/loss on foreign currency translation	(113,740)	813
Finance costs	478,598	95,087
Operating cash flows before changes in working capital	1,697,950	1,872,227
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(20,492)	(12,512)
Stock-in-trade	(149,595)	(27,939)
Trade debts	37,564	99,070
Loans and advances	22,617	6,398
Deposits, prepayments and other receivables	(32,630)	(25,502)
(Decrease)/increase in current liabilities:		
Trade and other payables	(409,961)	368,313
Cash generated from operations	1,145,453	2,280,055
Finance costs paid	(408,244)	(85,806)
Income tax paid	(296,459)	(348,798)
Payment to SIHL Employees' Gratuity Fund	(73,273)	(82,907)
Compensated absences paid	(46,072)	(36,993)
Net cash generated from operating activities	321,405	1,725,551

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	2020 (Rupees in '000')	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(812,256)	(1,600,043)
Addition in investment property	(58,432)	(255,173)
Purchase of intangible assets	-	(66,053)
Sale proceeds of long term investments	-	10,355
Outlay against long term investments	(403,466)	(69,867)
Proceeds from disposal of property, plant and equipment	106,028	5,133
Markup received	12,535	5,675
Increase in long term deposits	(24,529)	(26,475)
Net cash used in investing activities	(1,180,120)	(1,996,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,628	-
Long term financing - repayments	(140,214)	(186,985)
Long term financing - proceeds	1,014,133	1,010,643
Deferred Govt. grant	58,963	-
Lease liabilities - repayments	(194,137)	-
Dividend paid	(170,042)	(230,731)
Net cash generated from financing activities	2,348,331	592,927
Net increase in cash and cash equivalents	1,489,616	322,030
Cash and cash equivalents at beginning of the year	794,696	473,479
Effect of exchange rate changes on cash and cash equivalents	113,740	(813)
Cash and cash equivalents at end of the year	2,398,052	794,696

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profit	Total
Note	(Rupees in '000')				
Balance as at July 01, 2018	545,379	1,046,025	723,310	2,748,139	5,062,853
Issue of further share capital	5 & 6	-	-	-	-
Total comprehensive income for the year					
Profit after taxation	-	-	-	777,334	777,334
Other comprehensive income - net of tax	-	-	57,739	(5,446)	52,293
	-	-	57,739	771,888	829,627
Realization of revaluation surplus on disposal of assets	-	-	-	-	-
Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/ amortization	-	-	(9,030)	9,030	-
Distribution to owners					
Dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	(245,421)
Balance as at June 30, 2019	545,379	1,046,025	772,019	3,283,636	5,647,059
Balance as at July 01, 2019	545,379	1,046,025	772,019	3,283,636	5,647,059
Issue of further share capital	5 & 6	74,370	1,705,258	-	1,779,628
Total comprehensive income for the year					
Profit after taxation	-	-	-	505,191	505,191
Other comprehensive income - net of tax	-	-	9,710	(16,004)	(6,294)
	-	-	9,710	489,187	498,897
Realization of revaluation surplus on disposal of assets	-	-	(12,963)	12,963	-
Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/ amortization	-	-	(8,420)	8,420	-
Distribution to owners					
Dividend 2019: Rs. 2.55 per share	-	-	-	(158,036)	(158,036)
Balance as at June 30, 2020	619,749	2,751,283	760,346	3,636,170	7,767,548

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1** Shifa International Hospitals Limited (“the Company”) was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.
- 1.2** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan. A multidisciplinary hospital namely ‘Shifa Pan African Hospitals Limited (SPAHL)’ in Dar Es Salaam, Tanzania is being established under a memorandum of understanding (MOU) between the Company and Fatima Properties Limited (a company incorporated under Tanzania laws). The Company is committed to contribute equity through its foreign subsidiary after getting regulatory approvals from relevant authorities in Pakistan.
- 1.3** In these unconsolidated financial statements, being the separate financial statements of the Company, investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Consolidated financial statements are prepared separately.
- 1.4** Geographical locations of business units of the Company are as follows:
- H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad
 - Faisalabad Hospital, Main Jaranwala Road, Faisalabad
 - G-10/4 Hospital, G-10 Markaz, Islamabad
 - Shifa Pharmacy, Opposite OPF College, F-8 Markaz Islamabad
 - Shifa Pharmacy, Saidpur Road, Rawalpindi
 - Shifa Pharmacy, Blue Area, Islamabad
 - Shifa Pharmacy, Gulburg Greens, Islamabad
 - Shifa Pharmacy, Trauma Center, Islamabad International Airport
 - Shifa Pharmacy Iskandarabad, Mianwali
 - Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
 - F-11 Medical Center, Savoy Arcade, F-11 Markaz Islamabad

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, modified by:-

- certain items of property, plant and equipment have been measured at revalued amounts; and
- recognition of employees' gratuity benefits obligation at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting and reporting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Similarly revaluation of lands is made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation/amortization charge and impairment.

2.4.2 Investment property

The Company reviews the useful lives of investment property on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of investment property with a corresponding effect on the depreciation/amortization charge and impairment.

2.4.3 Intangible assets

The Company reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.4.4 Expected credit losses (ECLs)

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

2.4.5 Stock in trade and stores, spares and loose tools

The Company reviews the net realizable value of stock in trade and stores, spares and loose tools to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sale.

2.4.6 Employee benefits

The Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.7 Compensated absences

The Company provides provision for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

2.4.8 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.9 Contingencies

The Company discloses significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.5 New accounting standards, interpretations and amendments

2.5.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than disclosed in note 4, are considered not to be relevant or do not have significant effect on the unconsolidated financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below:

		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 1, 2020
IFRS 9 & 7/ IAS 39	Interest rate benchmark reform (Amendments)	January 1, 2020
IFRS 16	Practical relief for lessees in accounting for rent concessions	June 1, 2020
IAS 1/IAS 8	Definition of Material (Amendment)	January 1, 2020
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IAS 16	Proceeds before Intended Use (Amendments)	January 1, 2022

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IFRS 7 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described in Note 4, the significant accounting policies applied in the preparation of these unconsolidated financial statements are the same as those applied in earlier period presented.

3.1 Property, plant and equipment

Property, plant and equipment except freehold and leasehold lands and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortization and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Leasehold land is amortized over the lease period extendable up to 99 years.

Any revaluation increase arising on the revaluation of land is recognized in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less impairment loss recognized, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to the statement of profit or loss as and when incurred.

Depreciation/amortization is charged to the statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

In respect of additions and disposals during the year, depreciation/amortization is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on net basis within "other income" in the statement of profit or loss.

3.2 Investment property

Investment property is held for long term capital appreciation/rental yields. The investment property of the Company comprised of land and building and was valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

Depreciation is charged to the statement of profit or loss on the straight line method so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

Investment property is derecognized at the time of disposal which is achieved through sale and leaseback arrangements. Gain or losses arising from disposal of investment is recognized in profit or loss which is determined as difference between net disposal proceeds and the carrying value.

The residual values and useful lives of investment property are reviewed at each reporting date and adjusted if appropriate. The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

3.4 Leases

3.4.1 Right of use assets

The Company recognizes right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company has not elected to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.4.2 Lease liability

The lease liability is initially measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

After the commencement date, lessee shall measure the lease liability by:

- a) - Increase the carrying amount to reflect the interest on the lease liability;
- b) - Reducing the carrying amount to reflect the lease payments made; and
- c) - remeasure the carrying amount to reflect any reassessment or lease modification or to reflect the revised in - substance fixed lease payments.

3.5 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

3.6 Impairment of non - financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the statement of profit or loss.

3.7 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Company. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.7.1 Investment in subsidiaries

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

3.7.2 Investment in associates

Investments in associates and jointly controlled entities are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss. The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in the statement of profit or loss.

3.7.3 Other investments

Investments in term deposit receipts are classified as amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest/markup income, losses and impairment are recognized in the statement of profit or loss.

3.8 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

i. Financial assets

Classification

Financial assets are classified in following three categories:

- a. Amortized cost where the effective interest rate method will apply
- b. fair value through other comprehensive income
- c. fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in unconsolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income/(losses), together with foreign exchange gains and losses.

b. Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income / expense. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expense and impairment expenses are presented as separate line item in the statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

c. Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented net within other operating gains / (losses) in the period in which it arises.

De-recognition

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade receivables
- Deposits and other receivables
- Short term investments

ii. General approach for trade receivables, deposits and other receivables and short term investment

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 months to lifetime expectations.

a. Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

b. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a financial asset is more than 18 months past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

c. Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Simplified approach for trade receivable

The Company recognizes life time ECL on trade receivables, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As the Company applies simplified approach in calculating ECLs for trade receivables, the Company does not track changes in credit risk, but instead recognized a loss allowance based on life time ECLs at each reporting date. ECLs on these financial assets are estimated using a provision matrix approach adjusted for forward looking factors specific to the debtors and economic environment.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

iii. Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

iv. Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

3.9 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

3.10 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower, less allowance for obsolete and slow moving items. For items which are slow moving or identified as surplus to the Company's requirement, a provision

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

is made for excess of book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.11 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition and short term borrowings.

3.13 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the statement of profit or loss. The most recent valuation was carried out as at June 30, 2020 using the "Projected Unit Credit Method". The actuarial gains or losses at each valuation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 11.4 of these financial statements.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

3.15 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.16 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the statement of profit or loss for the year.

3.17 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the services are provided, and thereby the performance obligations are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Company's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognized at that point in time, as the control has been transferred to the customers.

Receivable is recognized when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Company recognizes

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the statement of financial position.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement. Scrap sales and miscellaneous receipts are recognized on realized amounts.

3.18 Borrowings

Borrowings are recognized initially at fair value net off transaction cost incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least twelve months after the reporting date.

3.19 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to the statement of profit or loss.

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.21 Dividend

Dividend is recognized as a liability in the period in which it is declared.

3.22 Non - current assets held for sale

Non - current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation/ revaluation that would have been recognized had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in the statement of profit or loss.

3.23 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized and reported net of grant.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

For assets and liabilities that are recognized in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's chief financial officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4 CHANGE IN ACCOUNTING POLICY

IFRS 16 "Leases" replaced IAS 17 "Leases", the former lease accounting standard became effective on July 01, 2019. Under the new lease standard, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities.

The Company adopted IFRS 16 from July 01, 2019 using the modified retrospective approach. This means that comparatives are not restated. The weighted-average incremental rate applied to lease liabilities recognized on July 1, 2019 was 13.75 % per annum. The Company, as a lessee, recognizes a right of use asset and a lease liability on the lease commencement date. Upon initial recognition, the right of use asset is measured at the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is reasonably certain not to exercise those termination options. The Company has not elected to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Lease liabilities and right of use assets recognized are as follows:

	June 30, 2019	Impact of IFRS 16	July 01, 2019
	(Rupees in '000')		
ASSETS			
NON - CURRENT ASSETS			
Right to use assets	-	418,714	418,714
LIABILITIES			
NON - CURRENT LIABILITIES			
Lease liabilities	-	312,883	312,883
CURRENT LIABILITIES			
Current portion of lease liabilities	-	105,831	105,831
	-	418,714	418,714
			(Rupees in '000')
Lease liabilities			
Operating lease commitments as at June 30, 2019			705,795
Discounting effect using incremental borrowing rate			(287,081)
Lease liabilities recognized on statement of financial position as at July 1, 2019			418,714
Lease liabilities presented as:			
Non-current financial liabilities			312,883
Current portion of non-current liabilities			105,831
			418,714
Right of use assets			
Present value of lease liability			418,714
Right of use assets recognized on statement of financial position as at July 1, 2019			418,714
Right of use assets presented as:			
Property, plant and equipment			418,714

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020		2019	2020		2019
Number			(Rupees in '000')		
54,537,900	54,537,900	Opening balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	545,379	
7,436,986	-	Addition: Further issue of ordinary shares of Rs. 10 each against cash consideration	74,370	-	
61,974,886	54,537,900	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	619,749	545,379	

- 5.1** The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.
- 5.2** During the year ended, 7,436,986 ordinary shares of the Company were issued to International Finance Corporation (IFC) other than right under section 83(1)(b) of the Companies Act, 2017. These shares were issued to IFC at a price of Rs. 239.29 per share including a premium of Rs. 229.29 per share. IFC shall have the right to nominate one director at the board of directors of the Company as long as IFC holds ordinary shares representing 5% of total issued share capital of the Company. Further, the Company if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the Company etc. shall seek consent of IFC.
- 5.3** The Company has no reserved shares for issuance under options and sales contracts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

6 SHARE PREMIUM

	2020	2019	Premium per share	2020	2019
	Number of shares		(Rupees)	(Rupees in '000')	
Ordinary shares issued:					
Public offer in the year 1994	8,000,000	8,000,000	5	40,000	40,000
Right shares in the year 2016	4,024,100	4,024,100	250	1,006,025	1,006,025
IFC in the year 2019-20 (other than right)	7,436,986	-	229.29	1,705,258	-
	19,461,086	12,024,100		2,751,283	1,046,025

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at beginning of the year	772,019	723,310
Revaluation surplus during the year	9,710	57,739
Realization of revaluation surplus on disposal of assets	(12,963)	-
Transfer of revaluation of property, plant and equipment in respect of depreciation/ amortization	(8,420)	(9,030)
Balance at end of the year	760,346	772,019

7.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold lands is not available for distribution of dividend to the shareholders of the Company.

8	LONG TERM FINANCING - SECURED	Note	2020	2019
			(Rupees in '000')	
	From banking companies:			
	Syndicated Islamic finance facility	8.2	1,995,778	1,994,691
	Diminishing Musharakah facility - 1	8.3	435,234	504,085
	Diminishing Musharakah facility - 2	8.4	500,000	-
	State Bank of Pakistan (SBP) - refinance scheme	8.5	447,453	-
	Deferred income- Government grant	8.5	53,193	-
			500,646	-
			3,431,658	2,498,776
	Less: Current portion		290,556	165,746
			3,141,102	2,333,030

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 8.1** The Company has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 50.8 million, First Habib Modaraba of Rs. 49.9 million and SBP refinance scheme for CAPEX of Rs. 200 million.
- 8.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (2019: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by August 22, 2024 instead of November 22, 2023 due to acceptance of deferment of principal payment option of loan under SBP circular # 13 dated March 26, 2020 in the wake of Covid-19 outbreak. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land/building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad. According to the terms of deferment, the Company is prohibited to pay dividend on its ordinary shares till May 22, 2021.
- 8.3** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 499.4 million. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (2019: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment/ machinery. In the wake of Covid-19 outbreak, the bank under SBP circular # 13 dated March 26, 2020 has deferred the principal payment till April 15, 2021, originally it was payable by May, 2020. This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 20.3 million. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (2019: 3 months KIBOR plus 0.70%) per annum.
- 8.4** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million. Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (2019: Nil) per annum. The financing is secured by first pari passu charge on all present and future fixed assets of the Company.
- 8.5** This represents long term finance facility aggregating to Rs. 500 million obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing in three tranches on April 2020, May 2020 and June 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by October 31, 2022. The facility is secured by first pari passu charge of Rs. 667 million over fixed assets (excluding land and building) of the Company. According to the terms of the financing, the Company is prohibited to lay-off the employees for at least three months from April 2020 to June 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value along with the recognition of government grant as detailed below:

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For the year ended June 30, 2020

	Note	2020 Rupees in '000'	2019	
Balance at beginning of the year		-	-	
Received during the year		58,937	-	
Amortization during the year		(5,744)	-	
Balance at end of the year		53,193	-	
9 DEFERRED TAXATION				
Deferred tax liability	9.1	543,986	494,137	
Deferred tax asset	9.2	(104,991)	(109,822)	
Net deferred tax liability		438,995	384,315	
9.1 Deferred tax liability on taxable temporary differences:				
Accelerated depreciation/amortization allowance		534,882	494,137	
Right of use assets net of lease liabilities		9,104	-	
		543,986	494,137	
9.2 Deferred tax asset on deductible temporary differences:				
Specific provisions		(48,087)	(63,926)	
Retirement benefit obligation		(56,904)	(45,896)	
		(104,991)	(109,822)	
9.3 Movement in deferred taxation				
Deferred tax liabilities/ (assets)	Opening balance	Statement of profit or loss	Other comprehensive Income	Closing balance
June 30, 2020	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation/ amortization allowance	494,137	40,745	-	534,882
Right of use assets net of lease liabilities	-	9,104	-	9,104
Effect of deductible temporary differences				
Specific provisions	(63,926)	15,839	-	(48,087)
Retirement benefit obligation	(45,896)	(4,470)	(6,538)	(56,904)
	384,315	61,218	(6,538)	438,995

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For the year ended June 30, 2020

Deferred tax liabilities/ (assets)	Opening balance	Statement of profit or loss	Other comprehensive Income	Closing balance
June 30, 2019	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation/ amortization allowance	463,275	30,862	-	494,137
Right of use assets net of lease liabilities	-	-	-	-
Effect of deductible temporary differences				
Specific provisions	(44,418)	(19,508)	-	(63,926)
Retirement benefit obligation	(43,671)	-	(2,225)	(45,896)
	<u>375,186</u>	<u>11,354</u>	<u>(2,225)</u>	<u>384,315</u>

9.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 29% (2019: 29%).

10 LEASE LIABILITIES	2020	2019
	(Rupees in '000')	
As at July 01, 2019	418,714	-
Additions during the year	274,965	-
Interest expense	65,976	-
Payment during the year	(194,137)	-
As at June 30, 2020	565,518	-
Less: Current portion	183,064	-
	<u>382,454</u>	<u>-</u>

10.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	Rupees in '000'		
Less than one year	249,342	66,278	183,064
Between one and five years	352,330	151,711	200,619
More than five years	338,078	156,243	181,835
	<u>939,750</u>	<u>374,232</u>	<u>565,518</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 10.2** Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable, the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extensions are reasonably certain to be exercised. The Company's obligation under lease arrangements for generators is secured by the lessor's title to leased assets.

11	TRADE AND OTHER PAYABLES	Note	2020	2019
			(Rupees in '000')	
	Creditors		1,457,994	1,521,458
	Accrued liabilities		416,118	686,212
	Advances from customers		277,537	283,479
	Medical consultants' charges		371,724	452,127
	Payable to related parties - unsecured	11.1	39,446	35,863
	Security deposits	11.2	79,576	80,226
	Compensated absences	11.3	108,324	107,690
	Retention money		37,145	38,249
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	11.4	196,221	123,128
			2,984,085	3,328,432

- 11.1** This represent payables to Tameer-e-Millat Foundation and Shifa Tameer-e-Millat University. Maximum amount due at the end of any month during the year was Rs. 11,978 thousand (2019: Rs. 11,789 thousand) and Rs. 37,944 thousand (2019: Rs. 24,074 thousand) respectively. Detail of balances of each related party is as under:

	2020	2019
(Rupees in '000')		
Tameer -e- Millat Foundation	11,978	11,789
Shifa Tameer -e- Millat University	27,468	24,074
	39,446	35,863

- 11.2** This represents customers' security deposits that are repayable on termination of respective agreement. The security deposits are utilizable for the purpose of the business in accordance with requirements of written agreements.

11.3	Compensated absences	2020	2019
		(Rupees in '000')	
	Balance at beginning of the year	107,690	100,009
	Provision made for the year	46,706	44,674
		154,396	144,683
	Payments made during the year	(46,072)	(36,993)
	Balance at the end of year	108,324	107,690

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		2020	2019
		(Rupees in '000')	
11.4	Amounts recognized in the statement of financial position are as follows:		
	Present value of defined benefit obligation	11.4.1 667,697	579,986
	Fair value of plan assets	11.4.2 (471,476)	(456,858)
		196,221	123,128
11.4.1	Movement in present value of funded obligation is as follows:		
	Present value of defined benefit obligation at beginning of the year	579,986	497,634
	Interest cost	76,141	42,155
	Current service cost	111,683	107,338
	Benefits paid	(88,739)	(56,554)
	Benefits payable	(2,598)	(1,927)
	Non refundable loan to employees adjustable against gratuity	-	(2,175)
	Remeasurement gain on defined benefit obligation	(8,776)	(6,485)
	Present value of defined benefit obligation at year end	667,697	579,986
11.4.2	Movement in the fair value of plan assets is as follows:		
	Fair value of plan assets at beginning of the year	456,858	410,621
	Expected return on plan assets	64,000	38,142
	Contributions	73,273	82,907
	Benefits paid	(88,739)	(56,554)
	Benefits payable	(2,598)	(1,927)
	Non refundable loan to employees adjustable against gratuity	-	(2,175)
	Remeasurement loss on plan assets	(31,318)	(14,156)
	Fair value of plan assets at year end	471,476	456,858
11.4.3	Charge for the year is as follows:		
	Current service cost	111,683	107,338
	Interest cost	76,141	42,155
	Expected return on plan assets	(64,000)	(38,142)
		123,824	111,351

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	2020	2019
	(Rupees in '000')	
11.4.4 Remeasurements recognized in other comprehensive income (OCI) during the year:		
Remeasurement income on defined benefit obligation	(8,776)	(6,485)
Remeasurement loss on plan assets	31,318	14,156
Remeasurement loss recognized in OCI	22,542	7,671
11.4.5 Movement in liability recognized in statement of financial position:		
Balance at beginning of the year	123,128	87,013
Cost for the year	123,824	111,351
Remeasurement recognized in OCI during the year	22,542	7,671
Contributions during the year	(73,273)	(82,907)
Balance at end of year	196,221	123,128
11.4.6 Plan assets comprise of:		
Accrued mark up	5,921	8,703
Term deposit receipts	377,738	361,000
Ordinary shares	17,951	16,907
Cash and bank balances	72,464	72,175
Payable to outgoing members	(2,598)	(1,927)
	471,476	456,858
11.4.7 The principal actuarial assumptions used in the actuarial valuation are as follows:		
	2020	2019
Discount rate used for interest cost in profit or loss	14.25%	9.00%
Discount rate used for year end obligation	8.50%	14.25%
Expected rate of salary growth		
- Salary increase FY 2020 onward	-	8.00%
- Salary increase FY 2021 onward	6.00%	13.25%
Mortality rate		
	SLIC	SLIC
	2001-2005	2001-2005
	set back 1	set back 1
	year	year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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11.4.8 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/decreased as a result of a change in significant actuarial assumptions by one percent.

	2020		2019	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')		(Rupees in '000')	
Discount rate	619,487	723,401	540,462	625,396
Future salary increase	724,022	618,072	625,973	539,282

11.4.9 The average duration of the defined benefit obligation as at June 30, 2020 is 8 years (2019: 7 years).

11.4.10 Risk associated with the scheme

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment risk

The risk of the investment under performing and being not sufficient to meet the liabilities.

12	MARKUP ACCRUED	2020	2019
		(Rupees in '000')	
	Long term financing - secured	34,750	29,502
	Running finance - secured	34	904
		34,784	30,406

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13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** Claims aggregating to Rs. 3 million (2019: Rs. 3 million) are lodged in Peshawar and Islamabad High Courts by patients and their heirs against the Company for alleged negligence on part of the consultants/doctors. The management of the Company is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 13.1.2** The penalty of Rs. 20 million (2019: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non- competitive practice/B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter from September 09, 2012 which is pending in Islamabad High Court, Islamabad and firmly believe that the case will be decided in favor of the GAMCs including SIHL.
- 13.1.3** Guarantees aggregating to Rs. 33.9 million (2019: Rs. 35.9 million) issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) on behalf of the Company in its ordinary course of business.
- 13.1.4** Contingencies related to income tax and sales tax are as follows:
- 13.1.4.1** The tax authorities amended the assessments for tax years 2012, 2013, 2014 and 2015 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million and Rs. 26.1 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 partly confirmed the assessments and partly allowed relief to the Company while confirmed the assessment for tax year 2015. The Company being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] where appeals for tax year 2012 to 2015 are pending for adjudication. For tax year 2016 ATIR set aside the assessment for denovo consideration. On reassessment AdCIR has completed the assessment under section 124/122(5A) and raised a demand of Rs. 85.4 million as on June 30, 2020 as against the original tax demand of Rs. 566.2 million. Being not satisfied with the order of AdCIR, the Company has filed an appeal before CIR(A) on July 21, 2020, which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.
- 13.1.4.2** The tax authorities levied tax of Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The Company being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. The Company is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in these unconsolidated financial statements.

- 13.1.4.3** The tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 13.1.4.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, which are pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these unconsolidated financial statements.
- 13.1.4.5** The tax authorities amended the assessment for tax years 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR, against the decision of CIR(A). The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these unconsolidated financial statements.
- 13.1.4.6** The tax authorities raised a sales tax demand of Rs. 1.6 million and Rs. 57.4 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged nonpayment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the Company agitated the assessment in appeal before CIR(A) which is a pending adjudication. The company is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded in these unconsolidated financial statements.

13.2	Commitments	2020	2019
		(Rupees in '000')	
13.2.1	Capital expenditure contracted	45,662	148,203
13.2.2	Letters of credit	11,047	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets										Right of use assets			Total		
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 14.7)		Office premises	Electrical and other equipment
Cost/Revalued amount	(Rupees in 000)															
Balance as at July 01, 2018	1,027,327	965,742	-	2,273,266	35,295	3,099,603	299,776	599,846	186,478	2,401	360,533	113,989	325,954	-	-	9,290,210
Additions	43,453	-	-	-	5,314	306,334	155,396	56,410	14,454	394	87,016	10,738	928,879	-	-	1,608,388
Revaluation	47,445	10,294	-	-	-	-	-	-	-	-	-	-	-	-	-	57,739
Disposals	-	-	-	-	-	(15)	(87)	-	(12)	-	(43)	(12,392)	-	-	-	(12,549)
Write offs	-	-	-	-	-	(16,586)	(528)	(1,089)	(93)	-	(2,822)	-	-	-	-	(21,118)
Transfers	-	-	-	278,843	4,564	346	-	-	-	-	254	-	(284,007)	-	-	-
Reclassified as held for sale (note 27)	-	(256,682)	-	-	-	-	-	-	-	-	-	-	(60,225)	-	-	(316,917)
Balance as at June 30, 2019	1,118,225	719,344	-	2,552,109	45,173	3,389,682	454,557	655,167	200,827	2,795	444,938	112,335	910,601	-	-	10,605,753
Balance as at July 01, 2019	1,118,225	719,344	-	2,552,109	45,173	3,389,682	454,557	655,167	200,827	2,795	444,938	112,335	910,601	-	-	10,605,753
Effect of change in accounting policy due to adoption of IFRS 16 - Note (4 & 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	418,714	-	418,714
Adjusted balance as at July 01, 2019	1,118,225	719,344	-	2,552,109	45,173	3,389,682	454,557	655,167	200,827	2,795	444,938	112,335	910,601	418,714	-	11,024,467
Additions	-	183,933	-	-	-	215,731	21,592	42,375	16,279	51	92,359	13,688	159,161	284,432	57,000	1,086,601
Revaluation	3,600	6,110	-	-	-	-	-	-	-	-	-	-	-	-	-	9,710
Disposals	(90,000)	-	-	-	-	-	-	-	-	-	(820)	(6,577)	-	-	-	(97,397)
Write offs	-	-	-	-	-	(19,083)	(297)	(5,078)	(395)	(58)	(1,629)	-	-	-	-	(26,540)
Transfers	3,753	5,314	58,898	63,962	16,437	595,457	-	-	-	-	-	-	(743,831)	-	-	-
Reclassified as held for sale (note 27)	(494,978)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(494,978)
Balance as at June 30, 2020	540,600	914,701	58,898	2,616,071	61,610	4,181,797	475,852	692,464	216,711	2,788	534,848	119,446	325,931	703,146	57,000	11,501,863

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Particulars	Owned assets										Right of use assets			Total		
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 14.7)		Office premises	Electrical and other equipment
(Rupees in 000)																
Depreciation/amortization																
Balance as at July 01, 2018	-	69,000	-	565,655	11,010	1,646,351	170,539	348,541	92,219	1,195	262,840	93,978	-	-	-	3,261,328
Charge for the year	-	18,708	-	70,307	7,591	261,826	36,661	62,216	16,165	213	55,050	8,857	-	-	-	537,594
On disposals	-	-	-	-	(2)	(2)	(12)	-	(7)	-	(43)	(11,404)	-	-	-	(11,468)
On write offs	-	-	-	-	-	(13,659)	(494)	(687)	(65)	-	(2,816)	-	-	-	-	(17,921)
Reclassified as held for sale	-	(9,596)	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,596)
Balance at June 30, 2019	-	78,112	-	635,962	18,601	1,894,516	206,694	409,870	108,312	1,408	315,031	91,431	-	-	-	3,759,937
Balance as at July 01, 2019	-	78,112	-	635,962	18,601	1,894,516	206,694	409,870	108,312	1,408	315,031	91,431	-	-	-	3,759,937
Charge for the year	-	10,893	982	75,537	9,371	299,740	46,978	60,823	17,153	248	62,587	8,007	-	173,516	11,084	776,919
On disposals	-	-	-	-	-	-	-	-	-	-	(729)	(4,933)	-	-	-	(5,662)
On write offs	-	-	-	-	-	(14,591)	(297)	(4,468)	(387)	(17)	(1,507)	-	-	-	-	(21,267)
Balance as at June 30, 2020	-	89,005	982	711,499	27,972	2,179,665	253,375	466,225	125,078	1,639	375,382	94,505	-	173,516	11,084	4,509,927
Carrying value as at June 30, 2019	1,118,225	641,232	-	1,916,147	26,572	1,495,166	247,863	245,297	92,515	1,387	129,907	20,904	910,601	-	-	6,845,816
Carrying value as at June 30, 2020	540,600	825,696	57,916	1,904,372	33,638	2,002,132	222,477	226,239	91,633	1,149	159,466	24,941	325,831	529,630	45,916	6,991,936
Annual rate of depreciation %	-	1.34-3.03	2.5-10	2.5-10	20	10	10-15	10-15	10	10-20	25	20	-	-	-	33.3

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For the year ended June 30, 2020

- 14.1** The Company had its leasehold land revalued in 1999, 2004, 2009, 2014, 2018, 2019 and 2020 while freehold lands in 2009, 2014, 2018, 2019 and 2020 by independent valuer, using fair market value basis. These revaluations resulted in net surplus of Rs. 180,873 thousand, Rs. 63,891 thousand, Rs. 392,360 thousand, Rs. 184,284 thousand, Rs. 5,541 thousand, Rs. 57,739 thousand and Rs. 9,710 thousand respectively which included in carrying values of respective assets.

Had there been no revaluation the carrying values would have been as under:

	Cost	Accumulated amortization	Carrying value
	(Rupees in '000')		
Leasehold land			
June 30, 2020	197,646	4,318	193,328
June 30, 2019	8,399	2,574	5,825
Freehold land			
June 30, 2020	422,843	-	422,843
June 30, 2019	981,581	-	981,581

- 14.2** Particulars of Company's freehold and leasehold lands are as follow:

Location	Nature	Area (Kanal)
Shifa Housing Society, Islamabad Expressway	Freehold land	27.0
Islamabad Motorway	Freehold land	100.0
H-8/4, Islamabad	Leasehold land*	87.8

*The covered area includes multi-storey buildings.

- 14.3** Property, plant and equipment include items with aggregate cost of Rs. 1,676,452 thousand (2019: Rs. 1,334,799 thousand) representing fully depreciated assets that are still in use of the Company.
- 14.4** Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 5,877.25 million (2019: Rs. 4,634.25 million) in favor of banking companies under various financing arrangements as disclosed in Note 8.
- 14.5** The forced sale values (FSV) of the revalued leasehold and freehold lands have been assessed at Rs. 660,556 thousand and Rs. 432,480 thousand respectively.
- 14.6** Detail of property, plant and equipment disposed off during the year, having carrying value of more than Rs. 500 thousand:

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Asset particulars	Cost	Carrying value	Sale proceeds	Purchaser	Mode of disposal
(Rupees in '000')					
Islamabad Motorway Land	67,500	67,500	72,500	Various third parties through Soft sys (Private) Limited	Negotiation
Murree Expressway Land	22,500	22,500	30,500	Muhammad Mansoor (Third party)	Negotiation
Honda Civic	2,560	768	556	Aziz Ahmed Jan (Ex-COO of Company)	As per Company policy
	92,560	90,768	103,556		
Other assets having carrying value less than Rs. 500,000	4,837	968	2,472		
2020	97,397	91,736	106,028		
2019	12,549	1,082	5,135		

14.7	Capital work-in-progress	Note	2020	2019
			(Rupees in '000')	
	Construction work-in-progress	14.7.1	41,816	98,885
	Stores held for capital expenditure	14.7.2	1,870	2,491
	Installation of equipment in progress		282,245	809,225
			325,931	910,601

14.7.1 Construction work-in-progress

This represents the cost of civil works mainly comprising of cost of materials, payments to contractors, salaries and benefits pertaining to construction works being carried out as detailed below:

14.7.2	Stores held for capital expenditure	Note	2020	2019
			(Rupees in '000')	
	Shifa guest house		-	58,720
	Other constructions		41,816	40,165
			41,816	98,885
	Stores held for capital expenditure		4,521	4,521
	Less: provision for slow moving items	14.7.2.1	2,651	2,030
			1,870	2,491

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		2020 (Rupees in '000')	2019
	Note		
14.7.2.1	Balance at beginning of the year	2,030	1,513
	Charged during the year	621	517
	Balance at end of the year	2,651	2,030
15	INVESTMENT PROPERTY		
	Cost	-	1,661,985
	Accumulated amortization	-	(19,900)
	Carrying value	-	1,642,085
	Opening carrying value	1,642,085	1,401,837
	Addition during the year	58,432	255,173
	Amortization charge for the year	30 (14,891)	(14,925)
	Disposal during the year - net	(1,685,626)	-
	Closing carrying value	-	1,642,085
15.1	Company's investment property comprised of a leasehold land with a multi-storey building thereon located at sector H-8, Islamabad. During the current year the said property was sold to Company's subsidiary "Shifa Neuro Sciences Institute Islamabad (Private) Limited" at a market value of Rs. 1.69 billion against the consideration of 169,000,000 ordinary shares of the subsidiary at a value of Rs. 10 each. The Company has also paid taxes aggregating to Rs. 94.786 million on behalf of the Subsidiary for transferring the lease of the said land in its favor. Subsequent to above sale, the Property has been re-acquired by the Company under an operating lease and the Company's liability towards the Subsidiary on account of advance rent and the security under the said lease arrangement is adjusted to the extent of above taxes paid by the Company.		
		2020 (Rupees in '000')	2019
16	INTANGIBLE ASSETS	Note	
	Cost	16.1	105,185
	Accumulated amortization	16.1	(21,474)
	Net book value		83,711
16.1	Movement in cost and accumulated amortization is as follow:		
	Cost:		
	Balance at beginning of the year	105,185	39,132
	Addition during the year	-	66,053
	Balance at end of the year	105,185	105,185
	Accumulated amortization:		
	Balance at beginning of the year	21,474	5,655
	Charge during the year	26,297	15,819
	Balance at end of the year	47,771	21,474
	Net book value	57,414	83,711

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- 16.2** Value of intangibles include cost of Oracle Financials software and other softwares. Amortization of intangibles has been recorded at a rate of 25 % (2019: 25%) per annum.

17	LONG TERM INVESTMENTS - AT COST	Note	2020 (Rupees in '000')	2019
	In subsidiary companies (unquoted):			
	Shifa Development Services (Private) Limited (SDSPL)	17.2	9,966	9,966
	Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS)	17.3	1,697,521	7,509
	Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	17.4	225,268	8,161
	Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	17.5	947,488	39,752
	Shifa International DWC - LLC (SIDL)	17.6	23,280	-
	In associated company (unquoted):			
	Shifa Care (Private) Limited (SCPL)	17.7	30,001	14,445
			2,933,524	79,833

- 17.1** The breakup values of these investments are given below:

	2020	2019
	Rupees/Share	
Shifa Development Services (Private) Limited (SDSPL)	3.89	1.91
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS)	10.07	(75,575)
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	(1.02)	(82,092)
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	9.80	(73,015)
Shifa International DWC - LLC (SIDL)	22.78	-
Shifa Care (Private) Limited (SCPL)	7.48	(143,039)

- 17.2** This represents investment in 1,650,000 (2019: 1,650,000) fully paid ordinary shares of Rs. 10 each of SDSPL. The above investment in ordinary shares represents 55% (2019: 55%) shareholding in SDSPL held by the Company.

- 17.3** This represents investment in 169,752,100 (2019: 100) fully paid ordinary shares of Rs. 10 each of SNS. The above investment in ordinary shares represents 100% (2019: 100%) shareholding in SNS held by the Company.

- 17.4** This represent investment in 3,791,442 (2019: 100) fully paid ordinary shares of Rs. 10 each of SNH Faisalabad and share deposit money of Rs. 187.4 million (2019: Rs. 8.2 million) against which 18.7 million (2019: 0.8 million) ordinary shares of SNH Faisalabad have been issued after the current year end. As of current reporting date the Company held 100% (2019: 100%) shareholding in SNH Faisalabad.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 17.5** This represents investment in 94,748,837 (2019: 100) ordinary shares of Rs. 10 each of SMC Islamabad. The above investment in ordinary shares represents 56% (2019: 100%) shareholding in SMC Islamabad held by the Company.
- 17.6** This represents investment in 555,000 (2019: Nil) ordinary shares of AED 1 each of newly incorporated SIDL in Dubai having a registered office located at Business Center Logistics City, Dubai Aviation City, P.O Box 390667, United Arab Emirates. The above investment in ordinary shares represents 100% (2019: Nil) shareholding held by the Company.
- 17.7** This represents investment in 3,000,050 (2019: 50) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2019: 50%) shareholding in SCPL held by the Company. Summary of results of SCPL are as under:

	Note	2020 Rupees in '000'	2019
Summarized statement of financial position			
Current assets		2,522	1
Non-current assets		42,729	21,788
Current liabilities		(307)	(50)
Net assets		44,944	21,739
Reconciliation to carrying amounts:			
Opening net assets		21,739	-
Total comprehensive loss for the year		(7,904)	(7,152)
Equity		31,109	28,891
Closing net assets		44,944	21,739
Company's share in carrying value of net assets		22,472	10,870
Company's share in total comprehensive income		(3,952)	(3,576)
Summarized statement of profit or loss			
Revenue for the year – Gross		-	-
Loss for the year		(7,904)	(7,152)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		(7,904)	(7,152)
18	LONG TERM DEPOSITS		
Ijarah key money deposits	18.1	18,502	19,734
Less: current portion of Ijarah key money deposits	23	2,596	2,439
		15,906	17,295
Security deposits	18.2	95,834	69,916
		111,740	87,211

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18.1 This represent ljarah key money deposits adjustable on expiry of respective ljarah financing arrangements against transfer of titles of relevant assets.

18.2 This represent security deposits given to various institutions/persons and are refundable on termination/completion of relevant services/arrangements.

19	STORES, SPARE PARTS AND LOOSE TOOLS	Note	2020 (Rupees in '000')	2019
	Stores		150,642	123,620
	Spare parts		18,684	24,294
	Loose tools		590	1,510
			169,916	149,424
	Less: provision for slow moving items	19.1	18,604	17,787
			151,312	131,637
19.1	Balance at beginning of the year		17,787	17,305
	Charged during the year		817	482
	Balance at end of the year		18,604	17,787

20 STOCK-IN-TRADE

This represent medicines being carried at moving average cost.

21	TRADE DEBTS	Note	2020 (Rupees in '000')	2019
	Related party - Shifa Foundation	21.1	17,875	28,647
	Related party - SIHT	21.1	25,783	-
	Others		597,551	652,473
			641,209	681,120
	Less: allowance for expected credit losses	40.1.3	129,585	97,307
	Less: bad debts written off		-	2,347
			511,624	581,466

21.1 Maximum amount due from Shifa Foundation and Shifa Integrated Health Technology (Private) Limited (SIHT) at the end of any month during the year was Rs. 52,502 thousand (2019: Rs. 44,238 thousand) and Rs. 25,783 thousand (2019: Nil) respectively.

22	LOANS AND ADVANCES	Note	2020 (Rupees in '000')	2019
	Considered good - secured			
	Executives	22.1	2,726	3,617
	Other employees		19,517	15,558
			22,243	19,175
	Consultants - unsecured		1,571	1,066
	Suppliers/contractors - unsecured		366,372	392,562
			390,186	412,803

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		2020	2019
		Rupees in '000'	
22.1	Reconciliation of carrying amount of advances given to executives:		
	Balance at beginning of the year	3,617	7,617
	Disbursements during the year	11,053	25,584
		14,670	33,201
	Less: Repayments during the year	11,944	29,584
	Balance at end of the year	2,726	3,617

22.1.1 The above advances were given in accordance with the Company's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 3,383 thousand (2019: Rs. 4,259 thousand).

23	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		2020	2019
		Note	(Rupees in '000')	
	Current portion of Ijarah key money deposits	18	2,596	2,439
	Other deposits		60	60
	Short term prepayments		22,762	7,734
	Other receivables	23.1	85,865	68,420
			111,283	78,653
	Less: allowance for expected credit losses	23.2	17,627	17,627
			93,656	61,026

23.1 This include Rs. 14,285 thousand (2019: Rs. 1,984 thousand), Rs. 37,740 thousand (2019: Rs. 36,008 thousand) and Rs. 10,809 thousand (2019: Rs. Nil) due from Shifa Development Services (Private) Limited, Shifa Pan African Hospitals Limited and Shifa International DWC LLC, respectively. Maximum amount due at the end of any month during the year from Shifa Development Services (Private) Limited was Rs. 47,792 thousand (2019: Rs. 1,984 thousand) while the referred amounts of Shifa Pan Africa Hospital and Shifa International DWC LLC represent maximum balances.

23.2	Allowance for expected credit loss	2020	2019
		(Rupees in '000')	
	Balance of the beginning of year	17,627	-
	Charge during the year	-	17,627
	Balance at the end of year	17,627	17,627

24 INVESTMENT - AT AMORTIZED COST

This represents term deposit receipt (TDR) having face value of Rs. 3 million with three months maturity. Profit payable on monthly basis at the rate ranging from 6.00% to 12.60% per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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25	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)	Note	2020 (Rupees in '000')	2019
	Balance at the beginning of the year		412,810	348,461
	Income tax paid/deducted at source during the year		296,459	348,798
	Provision for taxation for the year	32	(231,044)	(284,449)
	Balance at the end of the year		478,225	412,810

26 CASH AND BANK BALANCES

Cash at banks in:				
Current accounts:				
	Local currency		223,305	148,646
	Foreign currency		1,893,210	1,159
			2,116,515	149,805
Saving accounts:				
	Local currency		277,388	641,727
	Foreign currency		168	164
		26.1	277,556	641,891
		26.2	2,394,071	791,696
	Cash in hand		981	-
			2,395,052	791,696

26.1 These carry effective profit rates ranging from 2.35% - 9.51% and 0.10% (2019: 2.25% - 6.88% and 0.1%) per annum in respect of local and foreign currency accounts respectively.

26.2 Balances with banks includes Rs. 79,576 thousand (2019: Rs. 80,226 thousand) in respect of security deposits (Note 11.2).

27	NON - CURRENT ASSETS HELD FOR SALE	Note	2020 (Rupees in '000')	2019
	Balance at beginning of the year		307,321	-
	Addition during the year	27.1	494,978	307,321
	Disposed off during the year	27.2	(307,321)	-
	Balance at end of the year		494,978	307,321

27.1 This represent the carrying values of Rs. 104.4 million and Rs. 390.6 million of lands located at Faisalabad and Islamabad Motorways with the area measuring 48.2 kanals and 173.6 Kanals respectively. The revaluation surplus reflected in note 7 to the financial statements include Rs. 1.6 million and Rs. 7.9 million respectively in respect of above lands. As of current reporting date the forced sale values of the said lands were

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

assessed to be Rs. 91.2 million and Rs. 313.9 million respectively. The management of the Company is pursuing the sale of the remaining lands and expects the same shall be disposed-off during the next financial year.

- 27.2** During the current year the Company has sold its land measuring 5.5 kanals located at sector F-11 Islamabad to its subsidiary "Shifa Medical Centre Islamabad (Private) Limited" at a market value of Rs. 760.2 million (including capital work in progress) in consideration of 76,022,500 ordinary shares of the subsidiary of Rs. 10 each as approved in 32nd Annual General Meeting of the Company.

28	NET REVENUE	Note	2020 (Rupees in '000')	2019
	Inpatients		4,824,613	4,832,932
	Outpatients		2,846,938	2,645,242
	Pharmacy	28.1	4,294,236	4,048,938
	Other services	28.2	320,349	339,302
			12,286,136	11,866,414
	Less: discount		119,154	112,021
	Less: Sales tax		15,220	-
	Net revenue		12,151,762	11,754,393

- 28.1** This includes revenue of Rs. 500,068 thousand (2019: Rs. 426,358 thousand) from external pharmacy outlets.

- 28.2** This represent Rs. 298,888 thousand (2019: Rs. 314, 972 thousand) and Rs. 21,461 thousand (2019: Rs. 24,244 thousand) against Cafeteria sales and operating leases to related parties respectively.

29	OTHER INCOME	Note	2020 (Rupees in '000')	2019
	Income from financial assets:			
	Profit on investments and bank deposits		12,302	6,161
	Income from other than financial assets:			
	Gain on disposal of tangible assets	14.6, 15 & 27	471,572	4,053
	Gain on disposal of shares in subsidiary (SDSPL)		-	2,201
	Gain / (loss) on foreign currency translation		113,740	(813)
	Liabilities written back		8,113	1,102
	Sale of scrap		14,595	6,858
	Miscellaneous		16,897	24,728
			637,219	44,290

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For the year ended June 30, 2020

30	OPERATING COSTS	Note	2020 (Rupees in '000')	2019
	Salaries, wages and benefits	30.1	4,647,038	4,550,186
	Utilities		538,578	417,351
	Supplies consumed		1,262,992	1,127,757
	Medicines consumed		3,168,954	2,961,556
	Communication		38,140	30,985
	Travelling and conveyance		23,316	26,455
	Printing and stationery		98,978	82,620
	Repairs and maintenance		489,401	401,269
	Auditors' remuneration	30.2	4,202	3,025
	Legal and professional		20,706	13,377
	Rent		13,976	138,408
	Rates and taxes		18,569	18,424
	Advertising and sales promotion		40,843	43,053
	Fee, subscription and membership		77,643	44,641
	Vehicle and equipment rentals	30.3	26,894	26,769
	Cleaning and washing		121,289	119,544
	Insurance		13,921	10,421
	Property, plant and equipment written off	30.4	5,273	3,198
	Provision for slow moving stores		1,438	999
	Depreciation/amortization on tangible assets	14 & 15	791,810	552,519
	Amortization on intangible assets	16	26,297	15,819
	Donation	30.5	8,000	15,000
	Miscellaneous		42,394	38,936
			11,480,652	10,642,312

30.1 This include employee retirement benefits (gratuity) of Rs. 123,824 thousand (2019: Rs. 111,351 thousand), expense for compensated absences of Rs. 46,706 thousand (2019: Rs. 44,674 thousand) and bonus to employees of Rs. 59,269 thousand (2019: Rs. 107,674 thousand).

30.2	Auditors' remuneration	2020 (Rupees in '000')	2019
	Annual audit fee	1,790	1,500
	Half yearly review fee	904	700
	Statutory certifications	1,508	825
		4,202	3,025

30.2.1 The above fee is inclusive of sales tax amounting to Rs. 636 thousand.

30.3 This includes ujarah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujarah payments under an Ijarah are recognized as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The amounts of future ujah payments and the periods in which these will be due are as follows:

	2020	2019
	(Rupees in '000')	
Within one year	9,272	27,860
After one year but not more than five years	12,491	19,608
Total ujah payments	21,763	47,468

30.4 This represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercised by the management.

30.5 Donation

This represent donation given to Shifa Tameer-e-Millat University (STMU) which is related party of the Company due to common directorship as detailed below:

Name of common directors	Interest in donee	Address of the donee
Dr. Manzoor H. Qazi	Director	H-8/4, Islamabad
Dr. Habib ur Rahman	Director	H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	H-8/4, Islamabad

31	FINANCE COSTS	Note	2020	2019
			(Rupees in '000')	
Mark-up on:				
	Long term financing - secured	31.1	384,102	61,519
	Running finance and murabaha facilities		1,291	10,109
	Interest on lease liabilities		65,976	-
	Credit card payment collection charges		21,175	20,365
	Bank charges and commission		6,054	3,094
			478,598	95,087

31.1 The borrowing costs of Rs. 7,951 thousand (2019: Rs. 134,934 thousand) capitalized as a cost of tangible assets.

32	PROVISION FOR TAXATION	Note	2020	2019
			(Rupees in '000')	
Current				
	- for the year	32.1	229,025	284,449
	- prior year		2,019	-
			231,044	284,449
Deferred				
			61,218	11,354
			292,262	295,803

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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32.1 This represents the impact of minimum tax and capital gain tax on sale of lands/building.

		2020	2019
		(Rupees in '000')	
32.2	Reconciliation of tax charge for the year		
	Profit before taxation	797,453	1,073,137
	Provision for taxation	292,262	295,803
		(Percentage)	
	Effective tax rate	36.65%	27.56%
	Reconciliation of effective tax rate		
	Applicable tax rate	29.00%	29.00%
	Super tax	0.00%	2.00%
	Total	29.00%	31.00%
	Add: Net tax effect of amounts taxed at lower rates/others	35.13%	18.04%
	Less: Net tax effect of amounts that are deductible for tax purposes/others	27.48%	21.48%
	Average effective tax rate charged on income	36.65%	27.56%

33	EARNINGS PER SHARE - BASIC AND DILUTED		2020	2019
		Note	(Rupees in '000')	
	Profit after taxation for the year		505,191	777,334
			(Numbers in '000')	
	Weighted average number of ordinary shares in issue during the year	33.1	61,752	54,538
			(Rupees)	
	Earnings per share - basic and diluted		8.18	14.25

33.1	Weighted average number of ordinary shares		(Numbers in '000')	
	Issued ordinary shares at July 01, 2019		54,538	54,538
	Shares issued to IFC - other than right		7,214	-
	Issued ordinary shares at June 30, 2020		61,752	54,538

Weighted average number of shares has been calculated on the basis of time factor of shares outstanding during the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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34 CAPACITY UTILIZATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:

	2020	2019	2020	2019	2020	2019
	Available bed days		Occupied bed days		Occupancy ratio	
SIHL H-8/4						
Islamabad	179,842	175,734	105,629	118,808	58.73%	67.61%
SIHL Faisalabad	18,538	13,505	5,247	5,724	28.30%	42.38%

34.1 The under utilization reflects the pattern of patient turnover which is beyond the management's control.

35	UNAVAILED CREDIT FACILITIES	2020	2019
		(Rupees in '000')	
	Unavailed credit facilities at year end are as under:		
	Running/Murabaha financing	500,000	796,900
	Letter of credit	400,000	147,700
	Diminishing Musharakah	100,763	672,125
	Ijarah financing	71,736	65,577
	Letter of guarantee	16,100	-
	SBP refinance scheme (Capex)	200,000	-
		1,288,599	1,682,302

36 NUMBER OF EMPLOYEES

The Company had 4,787 employees (2019: 4,865) at the year end and average number of employees during the year were 4,817 (2019: 4,801).

37 RELATED PARTIES TRANSACTIONS

The related parties comprise of subsidiaries, associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its chief executive officer, chief financial officer, company secretary, non-executive directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment/entitlement.

The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Other transactions with the related parties are given below:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
Shifa Foundation:			
Revenue from services earned by the Company	37.1	144,556	151,487
Revenue from rent earned by the Company		33	44
Expenses paid by and reimbursed to the Company		8,268	877
Other services provided to the Company		16,076	21,083
Tameer-e-Millat Foundation:			
Revenue from rent earned by the Company		311	311
Supplies provided to the Company	37.2	35,780	28,473
Other services provided to the Company	37.3	18,946	17,259
Rental services received by the Company		8,490	4,725
Shifa Tameer-e-Millat University:			
Revenue from services earned by the Company	37.1	33,791	47,615
Revenue from rent earned by the Company		9,648	12,911
Other services provided to the Company	37.3	68,283	69,518
Expenses paid by and reimbursed to the Company		12,239	11,753
Donation paid by the Company		8,000	15,000
Shifa Integrated Health Technology (Private) Limited:			
Revenue from services earned by the Company		51,858	-
Expenses paid by and reimbursed to the Company		739	-
Other services provided to the Company		11,672	-
Shifa Development Services (Private) Limited:			
Expenses paid by and reimbursed to the Company		1,207	2,515
Pre - construction and supervisory services provided to the Company		49,350	-
Shifa International DWC LLC Limited:			
Patient referral services provided to the Company		2,579	-

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	Note	2020 (Rupees in '000')	2019
Shifa Care (Private) Limited:			
Revenue from rent earned by the Company		3,960	-
Expenses paid by and reimbursed to the Company		3,356	-
SIHL Employees' Gratuity Fund:			
Payments made by the Company during the year	37.4	73,273	82,907
Remuneration including benefits and perquisites of key management personnel		313,449	311,226

- 37.1** Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are executed on terms agreed between the parties.
- 37.2** The supplies mainly include uniforms and dairy products etc. These transactions are executed on terms agreed between the parties.
- 37.3** This represents services of nursing education/training, employees' children education and consultancy services. These transactions are based on terms agreed between the parties.
- 37.4** Transactions with the Fund are carried out based on the terms of employment of employees and according to actuarial advice.
- 37.5** Names of related parties with whom the Company had entered into transactions or had agreements and/or arrangements in place during the financial year are as follow:

Name of related party (RP)	Basis of relationship	Percentage of	
		Company's shareholding in RP	RP's shareholding in the Company
Shifa Foundation	CD*	N/A**	0.92%
Tameer-e-Millat Foundation	CD	N/A	12.57%
SIHL Employees' Gratuity Fund	Benefit Plan	N/A	0.12%
Shifa Tameer-e-Millat University	CD	N/A	0.02%
Shifa Development Services (Private) Limited	Subsidiary & CD	55%	Nil
Shifa Neuro Sciences Institute Islamabad (Private) Limited	Subsidiary & CD	100%	Nil

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Name of related party (RP)	Basis of relationship	Percentage of	
		Company's shareholding in RP	RP's shareholding in the Company
Shifa National Hospital Faisalabad (Private) Limited	Subsidiary & CD	100%	Nil
Shifa Medical Centre Islamabad (Private) Limited	Subsidiary & CD	56%	Nil
Shifa CARE (Private) Limited	Associate & CD	50%	Nil
Shifa International DWC LLC	Subsidiary & CD	100%	Nil
Shifa Integrated Health Technology (Private) Limited	CD	Nil	Nil
International Finance Corporation (IFC)	Associate	Nil	12%

*CD stands for common directorship.
**N/A stands for not applicable.

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38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executive, directors and executives of the Company are given below:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000')							
Managerial remuneration	45,352	43,734	22,183	25,336	7,855	9,730	229,414	189,974
Rent and utilities	6,205	6,205	2,474	4,654	1,567	1,267	32,676	33,419
Bonus and incentives	2,090	2,090	3,251	2,344	307	307	9,788	8,963
Gratuity	-	-	-	-	-	-	15,497	10,428
Medical insurance	-	-	64	121	61	60	1,837	1,970
Leave encashment	-	-	-	-	-	-	5,953	3,284
	53,647	52,029	27,972	32,455	9,790	11,364	295,165	248,038
Number of persons	1	1	1	2	8	6	38	34

From 01 July 2019 to 06 August 2019, there were 2 executive directors (including CEO) and 7 non-executive directors. From 7 August 2019 to 30 June 2020, the Company had 2 executive directors and 8 non - executive directors.

38.1 In addition to above, the chief executive is provided with a Company maintained car, while one other director and twenty four executives availed car facility.

38.2 Managerial remuneration includes Rs. 2,700 thousand (2019: Rs. 4,441 thousand) paid to directors in respect of meeting attending fee.

38.3 Travelling expenses of directors for official purposes are reimbursed by the Company.

39 CASH AND CASH EQUIVALENTS

	2020	2019	Note	2020	2019
Investment - at amortized cost			24	3,000	3,000
Cash and bank balances			26	2,395,052	791,696
				2,398,052	794,696

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40 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

40.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs for those credit exposure. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

The Company is also exposed to credit risk from its operating and short term investing activities. The Company's credit risk exposures are categorized under the following headings:

40.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies/institutions, private companies (panel companies) and individuals to whom the Company is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Company does not expect any inability to meet their obligations. The Company manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECLs against those balances considered doubtful of recovery.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Cash and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

40.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	(Rupees in '000')	
Long term deposits	95,834	69,916
Trade debts	511,624	581,466
Other receivables	85,925	68,480
Markup accrued	253	486
Investment - at amortized cost	3,000	3,000
Bank balances	2,394,071	791,696
	3,090,707	1,515,044

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2020	2019
	(Rupees in '000')	
Government companies	324,556	335,542
Private companies	150,204	222,706
Individuals	122,791	91,878
Related parties	43,658	28,647
Others	-	2,347
	641,209	681,120

40.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2020		2019	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	166,662	12,564	287,376	19,978
1 - 4 months	262,290	38,044	256,981	28,034
5 - 7 months	65,209	10,491	21,664	4,719
8 - 12 months	37,111	10,824	46,952	10,161
13 - 18 months	20,842	10,687	15,054	7,905
19 - 23 months	89,095	46,975	53,093	26,510
	641,209	129,585	681,120	97,307

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2020 (Rupees in '000')	2019
Balance at beginning of year		97,307	111,507
Expected credit losses / (reversal)		32,278	(11,853)
Less: bad debts written off		-	2,347
Balance at end of year	21	129,585	97,307

- 40.1.4** The Company believes that no impairment allowance is necessary in respect of loan and advances, markup accrued, deposits and other financial assets as the recovery of such amounts is possible.

The ageing of Shifa Foundation and Shifa Integrated Health Technology (Private) Limited (SIHT) at the reporting date was:

	2020		2019	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Shifa Foundation				
1 - 4 months	17,875	-	28,647	-
SIHT				
1 - 4 months	25,783	-	-	-

- 40.1.5** Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR - VIS	A1+	AAA
Al Baraka Bank (Pakistan) Limited	JCR - VIS	A1	A
Meezan Bank Limited	VIS	A1+	AA+
United Bank Limited	JCR	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank	VIS	A1+	AA
Bank of Punjab	PACRA	A1+	AA-
Askari Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AA+
Silk Bank Limited	JCR -VIS	A2	A-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose, the Company has credit facilities as mentioned in notes 8 and 35 to the financial statements. Further liquidity position of the Company is monitored by the board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
(Rupees in '000')						
2020						
Long term financing-secured	3,431,658	1,439	289,117	1,090,410	2,050,692	-
Trade and other payables	2,393,605	2,393,605	-	-	-	-
Unclaimed dividend	36,665	36,665	-	-	-	-
Mark up accrued	34,784	34,784	-	-	-	-
	5,896,712	2,466,493	289,117	1,090,410	2,050,692	-
2019						
Long term financing-secured	2,498,776	82,046	83,700	745,872	1,587,158	-
Trade and other payables	2,814,136	2,814,136	-	-	-	-
Unclaimed dividend	48,671	48,671	-	-	-	-
Mark up accrued	30,406	30,406	-	-	-	-
	5,391,989	2,975,259	83,700	745,872	1,587,158	-

40.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company is exposed to currency and mark up rate risk.

40.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The transactions and balances in foreign currency are very nominal therefore the Company's exposure to foreign currency risk is minimal. The Company's exposure to foreign currency risk is as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020 (Amount in '000')			2019 (Amount in '000')		
	Euro	USD	AED	Euro	USD	AED
Bank balances	-	11,264.76	24.86	-	1.01	26.15
Letter of credit	(58.50)	-	-	-	-	-
	(58.50)	11,264.76	24.86	-	1.01	26.15

	2020 (Rupees in '000')			2019 (Rupees in '000')		
	Bank balances	-	1,892,241	1,137	-	164
Letter of credit	(11,047)	-	-	-	-	-
	(11,047)	1,892,241	1,137	-	164	1,159

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
USD 1 - Buying	158.07	136.11	167.98	162.90
USD 1 - Selling	158.45	136.40	168.35	163.20
AED 1 - Buying	43.03	37.05	45.73	44.35
AED 1 - Selling	43.13	37.13	45.83	44.45
Euro 1 - Buying	174.85	155.16	188.43	185.20
Euro 1 - Selling	175.26	155.49	188.84	185.62

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the AED, USD and EURO at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2020			
Foreign currencies	+10%	188,233	188,233
Foreign currencies	-10%	(188,233)	(188,233)
2019			
Foreign currencies	+10%	132	132
Foreign currencies	-10%	(132)	(132)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

40.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company's exposure to the risk of changes in market markup rates relates primarily to Company's long term debt obligations with floating markup rates.

The Company analyses its markup rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined markup rate shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions.

The Company adopts a policy to ensure that markup rate risk is minimized by investing its surplus funds in fixed rate investments like TDRs.

Profile

At the reporting date the markup rate profile of the Company's markup-bearing financial instruments are:

	Note	2020 (Rupees in '000')	2019
Financial assets			
Investment - at amortized cost	24	3,000	3,000
Bank balances	26	277,556	641,891
		280,556	644,891
Financial liabilities			
Long term financing - secured	8	(3,431,658)	(2,498,776)
		(3,151,102)	(1,853,885)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended June 30, 2020 would decrease/increase by Rs. 14,536 thousand (2019: decrease/increase by Rs. 2,819 thousand). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

40.4 Financial instrument by category

	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
June 30, 2020				
Rupees in '000'				
Financial assets				
Maturing upto one year				
Trade debts	511,624	-	-	511,624
Other receivables	85,925	-	-	85,925
Markup accrued	253	-	-	253
Investment - at amortized cost	3,000	-	-	3,000
Cash and bank balances	2,395,052	-	-	2,395,052
Maturing after one year				
Long term deposits	95,834	-	-	95,834
	3,091,688	-	-	3,091,688
June 30, 2020				
Rupees in '000'				
Financial liabilities				
Maturing upto one year				
Trade and other payables	2,393,605	-	-	2,393,605
Unclaimed dividend	36,665	-	-	36,665
Markup accrued	34,784	-	-	34,784
Current portion of long term financing - secured	290,556	-	-	290,556
Maturing after one year				
Long term financing - secured	3,141,102	-	-	3,141,102
	5,896,712	-	-	5,896,712

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

June 30, 2019	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets				
Maturing upto one year				
Trade debts	581,466	-	-	581,466
Other receivables	68,480	-	-	68,480
Markup accrued	486	-	-	486
Investment - at amortized cost	3,000	-	-	3,000
Cash and bank balances	791,696	-	-	791,696
Maturing after one year				
Long term deposits	69,916	-	-	69,916
	<u>1,515,044</u>	<u>-</u>	<u>-</u>	<u>1,515,044</u>
Financial liabilities				
Maturing upto one year				
Trade and other payables	2,814,136	-	-	2,814,136
Unclaimed dividend	48,671	-	-	48,671
Markup accrued	30,406	-	-	30,406
Current portion of long term financing - secured	165,746	-	-	165,746
Maturing after one year				
Long term financing - secured	2,333,030	-	-	2,333,030
	<u>5,391,989</u>	<u>-</u>	<u>-</u>	<u>5,391,989</u>

40.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

41 FAIR VALUE HIERARCHY

Lands owned by the Company are valued by independent valuers to determine their fair values as at June 30, 2020. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

42 CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company intends to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	Rupees in '000'
Bank balances as at June 30, 2020	Placed under interest	89,278
	Placed under sharia permissible arrangement	188,278
		277,556
Return on bank deposit for the year ended June 30, 2020	Placed under interest	3,222
	Placed under sharia permissible arrangement	8,702
		11,924
Interest income on investment for the year ended June 30, 2020	Placed under interest	378
	Placed under sharia permissible arrangement	-
		378
Segment revenue	Disclosed in note 28	
Exchange gain		113,740
Finance cost paid		408,244
Relationship with bank having Islamic windows	Meezan Bank Limited Al-Baraka Bank (Pakistan) Limited Faysal Bank Limited Bank Alfalah Limited Bank of Punjab Askari Bank Limited Dubai Islamic Bank	
Loss on employee loans during the year		-
Loans obtained as per Islamic mode		2,931,012
Mark up paid on Islamic mode of financing		406,082
Interest paid on any conventional loan		2,162

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

44 OPERATING SEGMENTS

The financial statements have been prepared on the basis of single reportable segment. All revenue of the Company is earned from customers located in Pakistan. All non-current assets of the Company at June 30, 2020 are located in Pakistan. There is no customer with more than 10% of total revenue of the Company for the year.

45 IMPACT OF COVID-19 (CORONA VIRUS)

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. Due to this pandemic there was a ban imposed by local administration of Islamabad to treat OPD patients in hospitals which has also reduced the numbers of diagnostics and other procedures, resultantly, the revenues and cash flows for last quarter of the current year were significantly decreased. The overall impact on decrease of revenues was approximately Rs. 1.37 billion in last quarter. Consequently, the Company availed the loan facility under refinance scheme for wages & salaries of State Bank of Pakistan (SBP) and the deferment of existing loans repayment commitments under regulatory relief of SBP that enabled the Company to consolidate its liquidity position. Fortunately, after the quarter ended June 30, 2020, a significant increase in outpatient/inpatient numbers, diagnostics & surgeries etc. is evident which has positively impacted the financial and operational condition of the Company. Based on above trend the management of the Company expects to regain the past level of operations that will dilute the financial shocks of the pandemic. As of current reporting date and thereafter the Company's assessment has not indicated any adverse impact on carrying values of assets and liabilities of the Company.

The Company will continue to actively monitor the situation and may take actions that alter its business operations as may be required by authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. Had there been no such Pandemic the EPS for current year would have been in close proximity to the EPS of the corresponding year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

46 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were approved and authorized for issue by the board of directors of the Company on September 26, 2020.

47 GENERAL

- Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- Comparative figures wherever necessary has been reclassified and rearranged for fair presentation.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Shifa International Hospitals Limited

Opinion

We have audited the annexed consolidated financial statements of **Shifa International Hospitals Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matters	How the matter was addressed in our audit
<p>Adoption of IFRS 16 effective from 1 July 2019</p> <p>The Group has adopted the IFRS 16 ‘Leases’ with effect from 01 July 2019. The new standard which has replaced the previous standard IAS 17 ‘Lease’ specifies how an IFRS adopter will recognize, measure, present and disclose leases. The Group decided to apply the modified retrospective approach for the transition accounting. The application of the new standard gave rise to a right of use assets with a corresponding lease liabilities.</p> <p>The assessment of the impact of new standard is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy election and the implementation process to identify and process all relevant data associated with the leases require judgement. The measurement of the right-of-use assets and lease liabilities is based on assumptions such as discount rates and the lease terms including termination and renewal options. Hence, this is considered a key matter.</p> <p>The lease related disclosure included in Notes to the consolidated financial statements are as follows:</p> <ul style="list-style-type: none"> • The transitional impact of IFRS 16 is disclosed in Note 04 to the financial statements; and • The lease related information has been disclosed in Notes 11 and 15 to the financial statements. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the Group’s implementation process, including the review of the updated accounting policy and policy elections in accordance with IFRS 16; • We evaluated management assumptions, specifically the assumptions used to determine the discount rates, lease terms and measurement principles; • Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the management for each material lease contract; • Performed substantive procedures on the consolidated statement of profit or loss and consolidated statement of financial position balances that were subject to the effect of IFRS 16; and • Assessed the modified retrospective application and adequacy of the Group’s disclosures of the impact of the new standard in the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

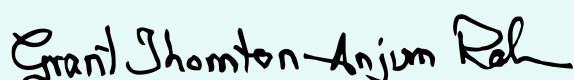
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hassan Riaz.



Grant Thornton Anjum Rahman

Chartered Accountants

Islamabad

September 26, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees in '000')	2019
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	619,749	545,379
Capital reserves			
Share premium	6	2,751,283	1,046,025
Surplus on revaluation of property, plant and equipment	7	1,225,930	1,234,923
Revenue reserves			
Unappropriated profit		3,103,034	3,250,167
		7,699,996	6,076,494
NON - CONTROLLING INTEREST	8	948,384	2,593
NON - CURRENT LIABILITIES			
Long term financing - secured	9	3,141,102	2,333,030
Deferred taxation	10	438,995	384,315
Lease liabilities	11	263,493	-
		3,843,590	2,717,345
CURRENT LIABILITIES			
Trade and other payables	12	3,064,693	3,337,847
Unclaimed dividend		36,665	48,671
Markup accrued	13	34,784	30,406
Current portion of long term financing - secured	9	290,556	165,746
Current portion of lease liabilities	11	135,305	-
		3,562,003	3,582,670
		16,053,973	12,379,102
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Danish M. Rahman

CHAIRMAN

Mazharul Haq

CHIEF EXECUTIVE

	Note	2020 (Rupees in '000')	2019
NON - CURRENT ASSETS			
Property, plant and equipment	15	9,900,149	7,616,982
Investment property	16	-	1,642,085
Intangible assets	17	58,076	83,711
Long term investment	18	22,472	10,869
Long term deposits	19	77,288	87,211
		10,057,985	9,440,858
CURRENT ASSETS			
Stores, spare parts and loose tools	20	151,312	131,637
Stock-in-trade	21	646,353	496,758
Trade debts	22	605,899	584,846
Loans and advances	23	418,186	445,547
Deposits, prepayments and other receivables	24	79,269	59,124
Markup accrued		253	486
Other financial assets	25	607,137	3,000
Tax refunds due from the government (net of provision)	26	494,181	412,951
Cash and bank balances	27	2,602,798	803,895
		5,605,388	2,938,244
Non - current asset held for sale	28	390,600	-
		16,053,973	12,379,102



CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
Net revenue	29	12,259,488	11,773,269
Other income	30	188,128	42,513
Operating costs	31	(11,647,600)	(10,680,306)
Finance costs	32	(464,692)	(95,101)
Expected credit (losses)/reversal	24.2 & 41.1.3	(32,596)	11,473
Share of loss of an associate	18	(3,952)	(3,576)
Profit before taxation		298,776	1,048,272
Provision for taxation	33	(311,678)	(299,432)
(Loss)/profit after taxation		(12,902)	748,840
Attributable to:			
Equity holders of Shifa International Hospitals Limited		731	748,840
Non-controlling interest		(13,633)	-
		(12,902)	748,840
Earnings per share - basic and diluted - (Rupees)	34	0.01	13.73

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	2020 (Rupees in '000')	2019
(Loss)/profit after taxation	(12,902)	748,840
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Loss on remeasurement of staff gratuity fund benefit plan	(22,542)	(7,671)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	6,538	2,225
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(16,004)	(5,446)
Foreign currency translation adjustment	1,552	-
Surplus on revaluation of property, plant and equipment	13,562	520,643
Total comprehensive (loss)/ income for the year	(13,792)	1,264,037
Attributable to:		
Equity holders of Shifa International Hospitals Limited	(1,331)	1,264,037
Non - controlling interest	(12,461)	-
	(13,792)	1,264,037

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	298,776	1,048,272
Adjustments for:		
Depreciation/amortization on tangible assets	781,841	552,818
Amortization on intangible assets	26,423	15,819
Expected credit losses/(reversal)	32,596	(11,473)
Property, plant and equipment written off	5,273	3,221
Gain on disposal of tangible assets	(14,292)	(4,416)
Provision for compensated absences	46,706	44,674
Provision for gratuity	123,824	111,351
Provision for slow moving stores	1,438	999
Share of loss of an associate	3,952	3,576
Liabilities written back	(8,113)	(1,102)
Profit on investments and bank deposits	(16,602)	(6,222)
(Gain) / loss on foreign currency translation	(117,629)	813
Finance costs	464,692	95,101
Operating cash flows before changes in working capital	1,628,885	1,853,431
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(20,492)	(12,512)
Stock-in-trade	(149,595)	(27,939)
Trade debts	(53,649)	97,813
Loans and advances	27,361	(26,327)
Deposits, prepayments and other receivables	(20,145)	(23,475)
(Decrease) / increase in current liabilities:		
Trade and other payables	(338,766)	373,605
Cash generated from operations	1,073,599	2,234,596
Finance costs paid	(408,302)	(85,820)
Income tax paid	(331,690)	(352,697)
Payment to SIHL Employees' Gratuity Fund	(73,273)	(82,907)
Compensated absences paid	(46,072)	(36,993)
Net cash generated from operating activities	214,262	1,676,179

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,316,503)	(1,600,361)
Addition in investment property		(58,432)	(255,173)
Purchase of intangible assets		(788)	(66,053)
Sale proceeds of long term investment		-	10,355
Investment in other financial assets		(151,253)	-
Outlay against long term investment		(15,555)	(14,444)
Proceeds from disposal of property, plant and equipment		106,028	5,133
Markup received		16,833	5,736
Decrease / (increase) in long term deposits		9,923	(26,475)
Net cash used in investing activities		(1,409,747)	(1,941,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of further share capital - other than right		1,779,628	-
Non controlling interest		961,493	-
Long term financing - repayments		(140,214)	(186,985)
Long term financing - proceeds		1,014,133	1,010,643
Deferred Govt. grant		58,963	-
Lease liabilities - repayments		(175,870)	-
Dividend paid		(170,042)	(230,731)
Net cash generated from financing activities		3,328,091	592,927
Net increase in cash and cash equivalents		2,132,606	327,824
Cash and cash equivalents at beginning of the year		806,895	479,884
Effect of exchange rate changes on cash and cash equivalents		119,181	(813)
Cash and cash equivalents at end of the year	40	3,058,682	806,895

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE




CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profit	Non-controlling interest	Total
Note	(Rupees in '000')					
Balance as at July 01, 2018	545,379	1,046,025	723,310	2,735,402	-	5,050,116
Issue of further share capital	5 & 6	-	-	-	-	-
Total comprehensive income for the year						
Profit for the year	-	-	-	748,840	-	748,840
Other comprehensive income - net of tax	-	-	520,643	(5,446)	-	515,197
	-	-	520,643	743,394	-	1,264,037
Realization of revaluation surplus on disposal of assets	-	-	-	-	-	-
Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/ amortization	-	-	(9,030)	9,030	-	-
Distribution to owners						
Dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	-	(245,421)
Changes in ownership interests						
Disposal of shares without change in control	-	-	-	7,762	2,593	10,355
Acquisition of shareholding by NCI without a change in control	-	-	-	-	-	-
Balance as at June 30, 2019	545,379	1,046,025	1,234,923	3,250,167	2,593	6,079,087
Balance as at July 01, 2019	545,379	1,046,025	1,234,923	3,250,167	2,593	6,079,087
Issue of further share capital	5 & 6	74,370	1,705,258	-	-	1,779,628
Total comprehensive income for the year						
Profit for the year	-	-	-	731	(13,633)	(12,902)
Other comprehensive income - net of tax	-	-	12,390	(14,452)	1,172	(890)
	-	-	12,390	(13,721)	(12,461)	(13,792)
Realization of revaluation surplus on disposal of assets	-	-	(12,963)	12,963	-	-
Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/ amortization	-	-	(8,420)	8,420	-	-
NCI recognized during the year	-	-	-	-	961,493	961,493
Distribution to owners						
Dividend 2019: Rs. 2.55 per share	-	-	-	(158,036)	-	(158,036)
Changes in ownership interests						
Acquisition of shareholding by NCI without a change in control	-	-	-	3,241	(3,241)	-
Balance as at June 30, 2020	619,749	2,751,283	1,225,930	3,103,034	948,384	8,648,380

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 Shifa International Hospitals Limited (“the SIHL”) comprises of Shifa International Hospitals Limited (SIHL/parent company) and its subsidiaries mentioned below. SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The

1.2 Shifa Development Services (Private) Limited [formerly Shifa Consulting Services (Private) Limited], (“the SDSPL”) was incorporated in Pakistan on December 18, 2014 under the repealed Companies Ordinance, 1984 as a private company limited. The SDSPL is the subsidiary of Shifa International Hospitals Limited (SIHL) with 55% ownership while the remaining 45% SDSPL's shareholding is owned by October Holding (Private) Limited. The registered office of the SDSPL is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

1.3 Shifa Neuro Sciences Institute Islamabad (Private) Limited (“the SNS Islamabad”) was incorporated in Pakistan on February 28, 2019 as a private limited company under the Companies Act, 2017. The registered office of the SNS Islamabad is situated at Sector H-8/4, Islamabad.

The principal activity of the SNS Islamabad is to setup center of excellence of neuroscience at H-8, Islamabad which will cater the need of all over Pakistan related to neurological diseases and disorders. The SNS Islamabad is the wholly owned subsidiary of Shifa International Hospitals Limited (SIHL).

1.4 Shifa National Hospital Faisalabad (Private) Limited (“the SNH Faisalabad”) was incorporated in Pakistan on February 28, 2019 as a private limited company under the Companies Act, 2017. The registered office of the SNH Faisalabad is situated at Sector H-8/4, Islamabad.

The principal activity of the SNH Faisalabad is to setup a secondary / tertiary healthcare hospital at Faisalabad which will provide healthcare facilities to the people of Faisalabad as well as surrounding area. The SNH Faisalabad is the subsidiary of Shifa International Hospitals Limited. The SNH Faisalabad has recently acquired the land and the design phase activities of the hospital are being started.

1.5 Shifa Medical Center Islamabad (Private) Limited (“the SMC Islamabad”) was incorporated in Pakistan on February 28, 2019 under the Companies Act, 2017 as a private company limited. The SMC Islamabad is 56% owned subsidiary of Shifa International Hospitals Limited (SIHL) while remaining 44% stake is held by Interloop Holdings (Private) Limited (the associate) and others respectively. SMC Islamabad has planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas. The registered office of the SMC Islamabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

1.6 Shifa International-DWC LLC (“the SIDL”) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The registered office of the SIDL is situated at Business Centre Logistic City, Dubai Aviation City, P.O Box 390667, Dubai, UAE. The SIDL is wholly owned subsidiary of Shifa International Hospitals Limited situated at Sector H-8/4, Islamabad, Pakistan.

1.7 Geographical locations of business units of SIHL are as follows:

H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Faisalabad Hospital, Main Jaranwala Road, Faisalabad
G-10/4 Hospital, G-10 Markaz, Islamabad
Shifa Pharmacy, Opposite OPF College, F-8 Markaz Islamabad
Shifa Pharmacy, Saidpur Road, Rawalpindi
Shifa Pharmacy, Blue Area, Islamabad
Shifa Pharmacy, Gulburg Greens, Islamabad
Shifa Pharmacy, Trauma Center, Islamabad International Airport
Shifa Pharmacy Iskandarabad, Mianwali
Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
F-11 Medical Center, Savoy Arcade, F-11 Markaz Islamabad

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, modified by:-

- certain items of property, plant and equipment have been measured at revalued amounts; and
- recognition of employees' gratuity benefits obligation at present value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting and reporting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on a regular basis. Similarly, revaluation of lands is made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation/amortization charge and impairment.

2.4.2 Investment property

The Group reviews the useful lives of investment property on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of investment property with a corresponding effect on the depreciation/amortization charge and impairment.

2.4.3 Intangible assets

The Group reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

2.4.4 Expected credit losses (ECLs)

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

2.4.5 Stock in trade and stores, spares and loose tools

The Group reviews the net realizable value of stock in trade and stores, spares and loose tools to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.4.6 Employee benefits

SIHL operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.7 Compensated absences

The Group provides provision for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. The Group provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

2.4.8 Taxation

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.9 Contingencies

The Group has disclosed significant contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Group and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

2.5 New accounting standards, interpretations and amendments

2.5.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than disclosed in note 4, are considered not to be relevant or do not have significant effect on the consolidated financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 1, 2020
IFRS 9 & 7/ IAS 39	Interest rate benchmark reform (Amendments)	January 1, 2020
IFRS 16	Practical relief for lessees in accounting for rent concessions	June 1, 2020
IAS 1/IAS 8	Definition of Material (Amendment)	January 1, 2020
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IAS 16	Proceeds before Intended Use (Amendments)	January 1, 2022

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The Groups may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Groups should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IFRS 7 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material impact on Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described in Note 4, the significant accounting policies applied in the preparation of these consolidated financial statements are the same as those applied in earlier period presented.

3.1 Basis of consolidation

These consolidated financial statements include the financial statements of Shifa International Hospitals Limited and its subsidiaries, Shifa Development Services (Private) Limited, Shifa Neuro Sciences (Private) Limited, Shifa Medical Center Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa International DWC LLC for the year ended June 30, 2020. The accounting policies used by the subsidiary companies in preparation of their financial statements are consistent with that of the parent company.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in consolidated statement of profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in consolidated statement of profit or loss or as a change to consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Associates

Entities in which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees). These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the consolidated statement of profit or loss and consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to consolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated statement of profit or loss.

Non controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

3.2 Property, plant and equipment

Property, plant and equipment except freehold and leasehold lands and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortization and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Leasehold land is amortized over the lease period extendable up to 99 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Any revaluation increase arising on the revaluation of land is recognized in consolidated other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in consolidated statement of profit or loss, in which case the increase is credited to consolidated statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to consolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to consolidated unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less impairment loss recognized, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to the consolidated statement of profit or loss as and when incurred.

Depreciation/amortization is charged to the consolidated statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation/amortization is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on net basis within "other income" in the consolidated statement of profit or loss.

3.3 Investment property

Investment property is held for long term capital appreciation/rental yields. The investment property of the Group comprised of land and building and was valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Depreciation is charged to the consolidated statement of profit or loss on the straight line method so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

Investment property is derecognized at the time of disposal which is achieved through sale and leaseback arrangements. Gain or losses arising from disposal of investment is recognized in consolidated statement of profit or loss which is determined as difference between net disposal proceeds and the carrying value.

The residual values and useful lives of investment property are reviewed at each reporting date and adjusted if appropriate. The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the consolidated statement of profit or loss.

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the consolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

3.5 Leases

3.5.1 Right of use assets

The Group recognizes right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Group has not elected to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.5.2 Lease liability

The lease liability is initially measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

After the commencement date, lessee shall measure the lease liability by:

- a)- Increase the carrying amount to reflect the interest on the lease liability;
- b)- Reducing the carrying amount to reflect the lease payments made; and
- c)- remeasure the carrying amount to reflect any reassessment or lease modification or to reflect the revised in - substance fixed lease payments.

3.6 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Group's consolidated statement of financial position and payments made under Ijarah financing are recognized in the consolidated statement of profit or loss on a straight line basis over the term of the Ijarah.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.7 Impairment of non - financial assets

The Group assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the consolidated statement of profit or loss.

3.8 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Group. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

3.8.1 Other investments

Investments in term deposit receipts are classified as amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest/markup income, losses and impairment are recognized in the consolidated statement of profit or loss.

3.9 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss.

i. Financial assets

Classification

Financial assets are classified in following three categories:

- a. Amortized cost where the effective interest rate method will apply;
- b. fair value through other comprehensive income;
- c. fair value through profit or loss.

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The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

a. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in consolidated profit or loss and presented in other income/(losses), together with foreign exchange gains and losses.

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b. Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in consolidated statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in consolidated OCI is reclassified from equity to consolidated statement of profit or loss and recognized in other income/expense. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

c. Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the consolidated statement of profit or loss and presented net within other operating gains / (losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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Following are financial instruments that are subject to the ECL model:

- Trade receivables
- Deposits and other receivables
- Short term investments

ii. **General approach for trade receivables, deposits and other receivables and short term investment**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

a. **Significant increase in credit risk**

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

b. **Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

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- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a financial asset is more than 18 months past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

c. Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Simplified approach for trade receivable

The Group recognizes life time ECL on trade receivables, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As the Group applies simplified approach in calculating ECLs for trade receivables, the Group does not track changes in credit risk, but instead recognized a loss allowance based on life time ECLs at each reporting date. ECLs on these financial assets are estimated using a provision matrix approach adjusted for forward looking factors specific to the debtors and economic environment.

Recognition of loss allowance

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in consolidated other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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Write-off

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

iii. Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the consolidated statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

iv. Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set off the recognized amounts, and the Group either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

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For the year ended June 30, 2020

3.10 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

3.11 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower, less allowance for obsolete and slow moving items. For items which are slow moving or identified as surplus to the SIHL's requirement, a provision is made for excess of book value over estimated net realizable value. The SIHL reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.12 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition and short term borrowings.

3.14 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the consolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2020 using the "Projected Unit Credit Method". The actuarial gains or losses at each valuation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 12.4 of these consolidated financial statements.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Compensated absences

The Group provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

3.16 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized directly in consolidated equity or in consolidated other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax asset of Rs. 31,562 thousand (June 2019: Rs. 9,170) on deductible temporary difference of Rs. 108,840 thousand (June 2019: Rs. 31,623) has not been recorded in respect of subsidiaries.

3.17 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the consolidated statement of profit or loss for the year.

3.18 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognized when the services are provided, and thereby the performance obligations are satisfied.

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Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Group's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognized at that point in time, as the control has been transferred to the customers.

Receivable is recognized when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the consolidated statement of financial position.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognized on realized amounts.

3.19 Borrowings

Borrowings are recognized initially at fair value net off transaction cost incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liability for at least twelve months after the reporting date.

3.20 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to the consolidated statement of profit or loss.

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the SIHL by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholder of SIHL and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.22 Dividend

Dividend is recognized as a liability in the period in which it is declared.

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3.23 Non - current assets held for sale

Non - current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation/revaluation that would have been recognized had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in the consolidated statement of profit or loss.

3.24 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized and reported net of grant.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's chief financial officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4 CHANGE IN ACCOUNTING POLICY

IFRS 16 "Leases" replaced IAS 17 "Leases", the former lease accounting standard became effective on July 01, 2019. Under the new lease standard, assets leased by the Group are being recognized on the consolidated statement of financial position of the Group with a corresponding liability. As a rule, lease expenses are no longer recorded in the consolidated statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the consolidated statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities.

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The Group adopted IFRS 16 from July 01, 2019 using the modified retrospective approach. This means that comparatives are not restated. The weighted-average incremental rate applied to lease liabilities recognized on July 1, 2019 was 13.75 % per annum. The Group, as a lessee, recognizes a right of use asset and a lease liability on the lease commencement date. Upon initial recognition, the right of use asset is measured at the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

IFRS 16 requires the Group to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is reasonably certain not to exercise those termination options. The Group has not elected to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease liabilities and right of use assets recognized are as follows:

	June 30, 2019	Impact of IFRS 16	July 01, 2019
	(Rupees in '000')		
ASSETS			
NON - CURRENT ASSETS			
Right to use assets	-	418,714	418,714
LIABILITIES			
NON - CURRENT LIABILITIES			
Lease liabilities	-	312,883	312,883
CURRENT LIABILITIES			
Current portion of lease liabilities	-	105,831	105,831
	-	418,714	418,714

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	<u>(Rupees in '000')</u>
Lease liabilities	
Operating lease commitments as at June 30, 2019	705,795
Discounting effect using incremental borrowing rate	<u>(287,081)</u>
Lease liabilities recognized on statement of financial position as at July 1, 2019	418,714
Lease liabilities presented as:	
Non-current financial liabilities	312,883
Current portion of non-current liabilities	<u>105,831</u>
	<u>418,714</u>
Right of use assets	
Present value of lease liability	<u>418,714</u>
Right of use assets recognized on statement of financial position as at July 1, 2019	<u>418,714</u>
Right of use assets presented as:	
Property, plant and equipment	<u>418,714</u>

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
<u>Number</u>			<u>(Rupees in '000')</u>	
54,537,900	54,537,900	Opening balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	545,379
7,436,986	-	Addition: Further issue of ordinary shares of Rs. 10 each other than right	74,370	-
61,974,886	<u>54,537,900</u>	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	619,749	<u>545,379</u>

5.1 The SIHL has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the SIHL. All shares rank equally with regard to the SIHL's residual assets.

5.2 During the year ended, 7,436,986 ordinary shares of the SIHL were issued to International Finance Corporation (IFC) other than right under section 83(1)(b) of the Companies Act, 2017. These shares were issued to IFC at a price of Rs. 239.29 per share including a premium of Rs. 229.29 per share. IFC shall have the right to nominate one director at the board of directors of the SIHL as long as IFC holds ordinary shares representing 5% of total issued share capital of the SIHL. Further, the SIHL if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the SIHL etc. shall seek consent of IFC.

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5.3 The SIHL has no reserved shares for issuance under options and sales contracts.

6 SHARE PREMIUM

	2020	2019	Premium per share	2020	2019
	Number of shares		(Rupees)	(Rupees in '000')	
Ordinary shares issued:					
Public offer in the year 1994	8,000,000	8,000,000	5	40,000	40,000
Right shares in the year 2016	4,024,100	4,024,100	250	1,006,025	1,006,025
IFC in the year 2019-20 (other than right)	7,436,986	-	229.29	1,705,258	-
	19,461,086	12,024,100		2,751,283	1,046,025

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at beginning of year	1,234,923	723,310
Revaluation surplus during the year	13,562	520,643
Transfer to non-controlling interest	(1,172)	-
Realization of revaluation surplus on disposal of assets	(12,963)	-
Transfer of revaluation of property, plant and equipment in respect of depreciation/ amortization	(8,420)	(9,030)
Balance at end of year	1,225,930	1,234,923

7.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold lands is not available for distribution of dividend to the shareholders of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

8 NON - CONTROLLING INTEREST

8.1 Following is the summarized financial information of SDSPL, SNH Faisalabad and SMC Islamabad:

Summarized statement of financial position

NCI percentage	SDSPL		SNH Faisalabad		SMC Islamabad		Total	
	45%	45%	-	-	43.71%	-		
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees '000'							
Current assets	113,422	48,572	75,513	1	765,184	34,889	954,119	83,462
Non-current assets	982	936	342,666	-	892,340	-	1,235,988	936
Share deposit money*	-	-	413,021	8,160	-	39,752	413,021	47,912
Current liabilities	111,432	43,747	9,034	50	7,151	2,439	127,617	46,236
Non-current liabilities	-	-	-	-	-	-	-	-
Net assets	2,972	5,761	(3,876)	(8,209)	1,650,373	(7,302)	1,649,469	(9,750)
Accumulated NCI	1,338	2,593	225,668	-	721,378	-	948,384	2,593

* In SNH Faisalabad share deposit money includes Rs. 225,668 thousand deposited by equity partners other than SIHL against which 22.6 million ordinary shares of SNH Faisalabad have been issued after the current year end.

Summarized statement of comprehensive income

NCI percentage	SDSPL		SNH Faisalabad		SMC Islamabad		Total	
	45%	45%	-	-	43.71%	-		
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees '000'							
Net revenue	104,886	18,875	-	-	-	-	104,886	18,875
Loss for the year	(2,789)	(29)	(33,580)	(8,210)	(28,318)	(7,302)	(64,687)	(15,541)
Other comprehensive income	-	-	-	-	2,680	-	2,680	-
Total comprehensive loss	(2,789)	(29)	(33,580)	(8,210)	(25,638)	(7,302)	(62,007)	(15,541)
Loss attributable to NCI	(1,255)	-	-	-	(12,378)	-	(13,633)	-
Comprehensive income for the year attributable to NCI	-	-	-	-	1,172	-	1,172	-
Total comprehensive loss for the year attributable to NCI	(1,255)	-	-	-	(11,206)	-	(12,461)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

9	LONG TERM FINANCING - SECURED	Note	2020 (Rupees in '000')	2019
	From banking companies:			
	Syndicated Islamic finance facility	9.2	1,995,778	1,994,691
	Diminishing Musharakah facility-1	9.3	435,234	504,085
	Diminishing Musharakah facility-2	9.4	500,000	-
	State Bank of Pakistan (SBP) - refinance scheme	9.5	447,453	-
	Deferred income- Government grant	9.5	53,193	-
			500,646	-
			3,431,658	2,498,776
	Less: Current portion		290,556	165,746
			3,141,102	2,333,030

9.1 The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 50.8 million, First Habib Modaraba of Rs. 49.9 million and SBP refinance scheme for CAPEX of Rs. 200 million.

9.2 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (2019: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by August 22, 2024 instead of November 22, 2023 due to acceptance of deferment of principal payment option of loan under SBP circular # 13 dated March 26, 2020 in the wake of Covid-19 outbreak. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land/building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad. According to the terms of deferment, the SIHL is prohibited to pay dividend on its ordinary shares till May 22, 2021.

9.3 This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 499.4 million. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (2019: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment/ machinery. In the wake of Covid-19 outbreak, the bank under SBP circular # 13 dated March 26, 2020 has deferred the principal payment till April 15, 2021, originally it was payable by May, 2020. This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 20.3 million. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (2019: 3 months KIBOR plus 0.70%) per annum.

9.4 This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million. Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (2019: Nil) per annum. The financing is secured by first pari passu charge on all present and future fixed assets of the SIHL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

9.5 This represents long term finance facility aggregating to Rs. 500 million obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing in three tranches on April 2020, May 2020 and June 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by October 31, 2022. The facility is secured by first pari passu charge of Rs. 667 million over fixed assets (excluding land and building) of the SIHL. According to the terms of the financing, the SIHL is prohibited to lay-off the employees for at least three months from April 2020 to June 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value along with the recognition of government grant as detailed below:

	Note	2020 Rupees in '000'	2019
Balance at beginning of the year		-	-
Received during the year		58,937	-
Amortization during the year		(5,744)	-
Balance at end of the year		53,193	-
10 DEFERRED TAXATION			
Deferred tax liability	10.1	543,986	494,137
Deferred tax asset	10.2	(104,991)	(109,822)
Net deferred tax liability		438,995	384,315
10.1 Deferred tax liability on taxable temporary differences:			
Accelerated depreciation/amortization allowance		534,882	494,137
Right of use assets net of lease liabilities		9,104	-
		543,986	494,137
10.2 Deferred tax asset on deductible temporary differences:			
Specific provisions		(48,087)	(63,926)
Retirement benefit obligation		(56,904)	(45,896)
		(104,991)	(109,822)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

10.3 Movement in deferred taxation

Deferred tax liabilities/(assets)	As at July 1, 2019	Statement of profit or loss	Other comprehensive Income	As at June 30, 2020
June 30, 2020				
(Rupees in '000')				
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation/ amortization allowance	494,137	40,745	-	534,882
Right of use assets net of lease liabilities	-	9,104	-	9,104
Effect of deductible temporary differences				
Specific provisions	(63,926)	15,839	-	(48,087)
Retirement benefit obligation	(45,896)	(4,470)	(6,538)	(56,904)
	384,315	61,218	(6,538)	438,995

Deferred tax liabilities/(assets)	As at July 1, 2018	Statement of profit or loss	Other Comprehensive income	As at June 30, 2019
June 30, 2019				
(Rupees in '000')				
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation/ amortization allowance	463,275	30,862	-	494,137
Right of use assets net of lease liabilities	-	-	-	-
Effect of deductible temporary differences				
Specific provisions	(44,418)	(19,508)	-	(63,926)
Retirement benefit obligation	(43,671)	-	(2,225)	(45,896)
	375,186	11,354	(2,225)	384,315

10.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 29% (2019: 29%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

11	LEASE LIABILITIES	2020 (Rupees in '000')	2019
	As at July 01, 2019	418,714	-
	Additions during the year	103,943	-
	Interest expense	52,011	-
	Payment during the year	(175,870)	-
	As at June 30, 2020	398,798	-
	Less: Current portion	135,305	-
		263,493	-

11.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	Rupees in '000'		
Less than one year	182,942	57,164	125,778
Between one and five years	221,964	130,780	91,184
More than five years	338,079	156,243	181,836
	742,985	344,187	398,798

11.2 Rental contracts are made for a fixed period subject to renewal upon mutual consent of SIHL and lessor. Wherever practicable, the SIHL seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extensions are reasonably certain to be exercised. The SIHL's obligation under lease arrangements for generators is secured by the lessor's title to leased assets.

12	TRADE AND OTHER PAYABLES	Note	2020 (Rupees in '000')	2019
	Creditors		1,534,793	1,528,334
	Accrued liabilities		416,177	688,751
	Advances from customers		281,287	283,479
	Medical consultants' charges		371,724	452,127
	Payable to related parties - unsecured	12.1	39,446	35,863
	Security deposits	12.2	79,576	80,226
	Compensated absences	12.3	108,324	107,690
	Retention money		37,145	38,249
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	12.4	196,221	123,128
			3,064,693	3,337,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 12.1** This represent payables to Tameer-e-Millat Foundation and Shifa Tameer-e-Millat University having common directorship with the SIHL. Maximum amount due at the end of any month during the year was Rs. 11,978 thousand (2019: 11,789 thousand) and Rs. 37,944 thousand (2019: 24,074 thousand) respectively. Detail of balances of each related party is as under:

	2020	2019
	(Rupees in '000')	
Tameer -e- Millat Foundation	11,978	11,789
Shifa Tameer -e- Millat University	27,468	24,074
	39,446	35,863

- 12.2** This represents customers' security deposits that are repayable on termination of respective agreement. The security deposits are utilizable for the purpose of the business in accordance with requirements of written agreements.

	Note	2020	2019
		(Rupees in '000')	
12.3	Compensated absences		
	Balance at beginning of the year	107,690	100,009
	Provision made for the year	46,706	44,674
		154,396	144,683
	Payments made during the year	(46,072)	(36,993)
	Closing balance as at the year end	108,324	107,690

- 12.4** **The amounts recognized in the statement of financial position are as follows:**

Present value of defined benefit obligation	12.4.1	667,697	579,986
Fair value of plan assets	12.4.2	(471,476)	(456,858)
		196,221	123,128

- 12.4.1** **Movement in the present value of funded obligation is as follows:**

Present value of defined benefit obligation at beginning of the year	579,986	497,634
Interest cost	76,141	42,155
Current service cost	111,683	107,338
Benefits paid	(88,739)	(56,554)
Benefits payable	(2,598)	(1,927)
Non refundable loan to employees adjustable against gratuity	-	(2,175)
Remeasurement gain on defined benefit obligation	(8,776)	(6,485)
Present value of defined benefit obligation at year end	667,697	579,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020	2019
	(Rupees in '000')	
12.4.2 Movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	456,858	410,621
Expected return on plan assets	64,000	38,142
Contributions	73,273	82,907
Benefits paid	(88,739)	(56,554)
Benefits payable	(2,598)	(1,927)
Non refundable loan to employees adjustable against gratuity	-	(2,175)
Remeasurement loss on plan assets	(31,318)	(14,156)
Fair value of plan assets at year end	471,476	456,858
12.4.3 Charge for the year is as follows:		
Current service cost	111,683	107,338
Interest cost	76,141	42,155
Expected return on plan assets	(64,000)	(38,142)
	123,824	111,351
12.4.4 Remeasurements recognized in other comprehensive income (OCI) during the year		
Remeasurement income on obligation	(8,776)	(6,485)
Remeasurement loss on plan assets	31,318	14,156
Remeasurement loss recognized in OCI	22,542	7,671
12.4.5 Movement in liability recognized in statement of financial position:		
Balance at beginning of year	123,128	87,013
Cost for the year	123,824	111,351
Total amount of remeasurement recognized in OCI during the year	22,542	7,671
Contributions during the year	(73,273)	(82,907)
Balance at end of year	196,221	123,128
12.4.6 Plan assets comprise of:		
Accrued mark up	5,921	8,703
Term deposit receipts	377,738	361,000
Ordinary shares	17,951	16,907
Cash and bank balances	72,464	72,175
Payable to outgoing members	(2,598)	(1,927)
	471,476	456,858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12.4.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2020	2019
Discount rate used for interest cost in profit or loss	14.25%	9.00%
Discount rate used for year end obligation	8.50%	14.25%
Expected rate of salary growth		
Salary increase FY 2020 onward	-	8.00%
Salary increase FY 2021 onward	6.00%	13.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

12.4.8 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/decreased as a result of a change in respective assumptions by one percent.

	2020		2019	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')		(Rupees in '000')	
Discount rate	619,487	723,401	540,462	625,396
Future salary increase	724,022	618,072	625,973	539,282

12.4.9 The average duration of the defined benefit obligation as at June 30, 2020 is 8 years (2019: 7 years).

12.4.10 Risk associated with the scheme

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic Risks

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

13	MARKUP ACCRUED	2020 (Rupees in '000')	2019
	Long term financing - secured	34,750	29,502
	Running finance - secured	34	904
		34,784	30,406
14	CONTINGENCIES AND COMMITMENTS		
14.1	Contingencies		
14.1.1	Claims aggregating to Rs. 3 million (2019: Rs. 3 million) are lodged in Peshawar and Islamabad High Courts by patients and their heirs against the SIHL for alleged negligence on part of the consultants/doctors. The management of the SIHL is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.		
14.1.2	The penalty of Rs. 20 million (2019: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non- competitive practice/B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter from September 09, 2012 which is pending in Islamabad High Court, Islamabad and firmly believe that the case will be decided in favor of the GAMCs including SIHL.		
14.1.3	Guarantees aggregating to Rs. 33.9 million (2019: Rs. 35.9 million) issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) on behalf of the SIHL in its ordinary course of business.		
14.1.4	Contingencies related to income tax are as follows:		
14.1.4.1	The tax authorities amended the assessments for tax years 2012, 2013, 2014 and 2015 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million and Rs. 26.1 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 partly confirmed the assessments and partly allowed relief to the SIHL while confirmed the assessment for tax year 2015. The SIHL being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] where appeals for tax year 2012 to 2015 are pending for adjudication. For tax year 2016 ATIR set aside the assessment for denovo consideration. On reassessment AdCIR has completed the		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

assessment under section 124/122(5A) and raised a demand of Rs. 85.4 million as on June 30, 2020 as against the original tax demand of Rs. 566.2 million. Being not satisfied with the order of AdCIR, the SIHL has filed an appeal before CIR(A) on July 21, 2020, which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.

- 14.1.4.2** The tax authorities levied tax of Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The SIHL being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in these consolidated financial statements.
- 14.1.4.3** The tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 14.1.4.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, which are pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these consolidated financial statements.
- 14.1.4.5** The tax authorities amended the assessment for tax years 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR, against the decision of CIR(A). The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these consolidated financial statements.
- 14.1.4.6** The tax authorities raised a sales tax demand of Rs. 1.6 million and Rs. 57.4 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged nonpayment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the SIHL agitated the assessment in appeal before CIR(A) which is a pending adjudication. The SIHL is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded in these consolidated financial statements.

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For the year ended June 30, 2020

14.1.4.7 Brief facts of the case are that the Deputy Commissioner Inland Revenue (DCIR) concluded an ex-party assessment vide Order-in-Original No. 43/102/2017 for tax year 2016 against the SDSPL under the Islamabad Capital Territory (Tax on Services) Ordinance 2001 (the Ordinance) and charged sales tax on the entire receipts of the SDSPL representing consulting income and created demand of Rs. 2.49 million along with penalty and default surcharge. Being aggrieved with the ex-party order, the SDSPL has filed an appeal with the Commissioner Inland Revenue (Appeals) and rectification application with the DCIR on which DCIR had partially accepted and rectified the demand of Rs. 2.48 million to Rs. 2.34 million. However, the decision of Commissioner Inland Revenue (Appeals) was still pending. The SDSPL had already recorded provision in the consolidated financial statements against the demand created and there is no further exposure in this regard.

	2020	2019
	(Rupees in '000')	
14.2 Commitments		
14.2.1 Capital expenditure contracted	45,662	148,203
14.2.2 Letters of credit	11,047	-

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15. PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets										Right of use assets		Total			
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles		Capital work-in-progress (note 15.7)	Office premises	Electrical and other equipment
Cost/Revalued amount	(Rupees in '000)															
Balance as at July 01, 2018	1,027,327	965,742	-	2,273,266	35,295	3,099,603	299,800	599,972	187,662	2,401	361,247	113,521	325,954	-	-	9,291,790
Additions	43,453	-	-	-	5,314	306,334	155,396	56,410	14,454	394	87,312	10,738	928,879	-	-	1,608,684
Revaluation	47,445	473,198	-	-	-	-	-	-	-	-	-	-	-	-	-	520,643
Disposals	-	-	-	-	-	(15)	(87)	-	(12)	-	(43)	(11,872)	-	-	-	(12,029)
Write offs	-	-	-	-	-	(16,586)	(552)	(1,089)	(93)	-	(2,822)	-	-	-	-	(21,142)
Transfers	-	-	-	278,843	4,564	346	-	-	-	-	254	-	(284,007)	-	-	-
Balance as at June 30, 2019	1,118,225	1,438,940	-	2,552,109	45,173	3,389,682	454,557	655,293	202,011	2,795	445,948	112,387	970,826	-	-	11,387,946
Balance as at July 01, 2019	1,118,225	1,438,940	-	2,552,109	45,173	3,389,682	454,557	655,293	202,011	2,795	445,948	112,387	970,826	-	-	11,387,946
Effect of change in accounting policy due to adoption of IFRS 16 - Note (4 & 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	418,714	-	418,714
Adjusted balance as at July 01, 2019	1,118,225	1,438,940	-	2,552,109	45,173	3,389,682	454,557	655,293	202,011	2,795	445,948	112,387	970,826	418,714	-	11,806,660
Additions	342,447	295,886	-	-	-	215,731	21,592	42,375	16,279	51	92,701	13,688	268,998	53,076	57,000	1,419,824
Revaluation	3,600	9,962	-	-	-	-	-	-	-	-	-	-	-	-	-	13,562
Transfer from investment property	(90,000)	-	-	685,625	-	-	-	-	-	-	-	-	-	-	-	1,685,625
Disposals	-	-	-	-	-	-	-	-	(395)	(58)	(820)	(6,577)	-	-	-	(97,397)
Write offs	-	-	-	-	-	(19,083)	(297)	(5,078)	-	(1,629)	-	-	-	-	-	(26,540)
Transfers	3,753	5,314	58,898	63,962	16,437	595,467	-	-	-	-	-	-	(743,831)	-	-	-
Reclassified as held for sale	(390,600)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(390,600)
Balance as at June 30, 2020	987,425	2,750,102	58,898	3,301,696	61,610	4,181,797	475,852	692,590	217,895	2,788	536,200	119,498	495,993	471,790	57,000	14,411,134

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For the year ended June 30, 2020

Particulars	Owned assets										Right of use assets		Total			
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles		Capital work-in-progress (note 15.7)	Office premises	Electrical and other equipment
	(Rupees in '000')															
Depreciation/amortization																
Balance as at July 01, 2018	-	69,000	-	565,655	11,010	1,646,351	170,548	348,578	92,744	1,195	263,359	93,887	-	-	-	3,262,327
Charge for the year	-	18,708	-	70,307	7,592	261,826	36,652	62,223	16,278	213	55,227	8,867	-	-	-	537,893
On disposals	-	-	-	-	-	(2)	(12)	-	(1)	-	(43)	(11,277)	-	-	-	(11,335)
On write offs	-	-	-	-	-	(13,659)	(494)	(887)	(65)	-	(2,816)	-	-	-	-	(17,921)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2019	-	87,708	-	635,962	18,602	1,894,516	206,694	409,914	108,956	1,408	315,727	91,477	-	-	-	3,770,964
Balance as at July 01, 2019	-	87,708	-	635,962	18,602	1,894,516	206,694	409,914	108,956	1,408	315,727	91,477	-	-	-	3,770,964
Charge for the period	-	28,545	982	98,537	9,370	299,740	46,978	60,845	17,271	248	62,747	8,014	-	122,589	11,084	766,950
On disposals	-	-	-	-	-	-	-	-	-	-	(729)	(4,933)	-	-	-	(5,662)
On write offs	-	-	-	-	-	(14,591)	(297)	(4,468)	(387)	(17)	(1,507)	-	-	-	-	(21,267)
Balance as at June 30, 2020	-	116,253	982	734,499	27,972	2,179,665	253,375	466,291	125,840	1,639	376,238	94,558	-	122,589	11,084	4,510,985
Carrying value as at June 30, 2019	1,118,225	1,351,232	-	1,916,147	26,571	1,495,166	247,863	245,379	93,055	1,387	130,221	20,910	970,826	-	-	7,616,982
Carrying value as at June 30, 2020	987,425	2,633,849	57,916	2,567,197	33,638	2,002,132	222,477	226,299	92,055	1,149	159,962	24,940	495,993	349,201	45,916	9,900,149
Annual rate of depreciation %	-	1.34-3.03	2.5-10	2.5-10	20	10	10-15	10-15	10	10-20	25	20	-	-	-	33.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 15.1** The SIHL had its leasehold land revalued in 1999, 2004, 2009, 2014, 2018, 2019 and 2020 freehold land in 2009, 2014, 2018, 2019 and 2020 by independent valuers, using fair market value. These revaluations resulted in net surplus of Rs. 180,873 thousand, Rs. 63,891 thousand, Rs. 392,360 thousand, Rs. 184,284 thousand, Rs. 5,541 thousand, Rs. 520,643 thousand and Rs. 13,562 thousand respectively.

Had there been no revaluation the carrying value would have been as under:

	Cost	Accumulated amortization	Carrying value
	(Rupees in '000')		
Leasehold land			
June 30, 2020	1,419,851	92,992	1,326,859
June 30, 2019	325,065	72,145	252,920
Freehold land			
June 30, 2020	868,052	-	868,052
June 30, 2019	981,581	-	981,581

- 15.2** Particulars of Company's freehold and leasehold lands are as follow:

Location	Nature	Area (Kanal)
Shifa Housing Society, Islamabad Expressway	Freehold land	27.0
Islamabad Motorway	Freehold land	100.0
Faisalabad motorway land	Freehold land	48.2
Faisalabad Sheikhpura road land	Freehold land	41.0
SMCI F-11 Hospital land	Leasehold land	5.5
Neuroscience Institute land	Leasehold land*	11.7
H-8/4, Islamabad	Leasehold land*	87.8

*The covered area includes multi-storey buildings.

- 15.3** Property, plant and equipment include items with aggregate cost of Rs. 1,676,452 thousand (June 2019: Rs. 1,334,799 thousand) representing fully depreciated assets that are still in use of the SIHL.
- 15.4** Property, plant and equipment of the SIHL are encumbered under an aggregate charge of Rs. 5,877.25 million (2019: 4,634.25 million) in favor of banking companies under various financing arrangements as disclosed in note 9.
- 15.5** The forced sale values (FSV) of the revalued leasehold and freehold lands have been assessed at Rs. 2,107,078 thousand and Rs. 1,020,307 thousand respectively.
- 15.6** Detail of property, plant and equipment disposed off during the year, having carrying value of more than Rs. 500 thousand:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Asset particulars	Cost	Carrying value	Sale proceeds	Purchaser	Mode of disposal
(Rupees in '000')					
Islamabad Motorway Land	67,500	67,500	72,500	Various third parties through Soft sys (Private) Limited	Negotiation
Murree Expressway Land	22,500	22,500	30,500	Muhammad Mansoor (Third party)	Negotiation
Honda Civic	2,560	768	556	Aziz Ahmed Jan (Ex-COO of Company)	As per Company policy
	92,560	90,768	103,556		
Other assets having carrying value less than Rs. 500,000	4,837	968	2,472		
2020	97,397	91,736	106,028		
2019	12,029	694	5,110		

		2020	2019
15.7	Capital work-in-progress	Note	(Rupees in '000')
	Construction work-in-progress	15.7.1	211,878
	Stores held for capital expenditure	15.7.2	1,870
	Installation of equipment in progress		282,245
			495,993
			159,110
			2,491
			809,225
			970,826

15.7.1 Construction work-in-progress

This represents the cost of civil works mainly comprising of cost of materials, payments to contractors, salaries and benefits pertaining to construction works being carried out as detailed below:

	2020	2019
(Rupees in '000')		
F-11 hospital	170,928	60,226
Shifa guest house	-	58,720
Other constructions	40,950	40,164
	211,878	159,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		2020	2019
	Note	(Rupees in '000')	
15.7.2	Stores held for capital expenditure		
	Stores held for capital expenditure	4,521	4,521
	Less: provision for slow moving items	2,651	2,030
		1,870	2,491
15.7.2.1	Balance at beginning of the year	2,030	1,513
	Charged during the year	621	517
	Balance at the end of the year	2,651	2,030
16	INVESTMENT PROPERTY		
	Cost	-	1,661,985
	Accumulated amortization	-	(19,900)
	Net book value	-	1,642,085
	Opening carrying value	1,642,085	1,401,837
	Addition during the year	58,432	255,173
	Amortization charge for the year	(14,891)	(14,925)
	Disposal during the year - net	(1,685,626)	-
	Closing carrying value	-	1,642,085
16.1	During the year SIHL has sold its leased hold land with multi-storey building there on, located at sector H-8, Islamabad, to its wholly owned subsidiary “ Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad). The SNS Islamabad will setup Centre of excellence of neuroscience at this property.		
17	INTANGIBLE ASSETS	2020	2019
		(Rupees in '000')	
	Cost	17.1 105,973	105,185
	Accumulated amortization	17.1 (47,897)	(21,474)
	Net book value	58,076	83,711
17.1	Movement in cost and accumulated amortization is as follow:		
	Cost:		
	Balance at beginning of year	105,185	39,132
	Addition during the year	788	66,053
	Balance at end of year	105,973	105,185
	Accumulated amortization:		
	Balance at beginning of year	21,474	5,655
	Charge during the year	26,423	15,819
	Balance at end of year	47,897	21,474
	Net book value	58,076	83,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 17.2** Value of intangibles include cost of Oracle Financials software and other softwares. Amortization of intangibles has been recorded at rate of 25 % per annum.

18	LONG TERM INVESTMENT	Note	2020 (Rupees in '000')	2019
	In associated company - unquoted			
	Shifa Care (Private) Limited (SCPL)			
	Balance at beginning of the year		10,869	-
	Addition during the year		15,555	14,445
	Share in loss for the year		(3,952)	(3,576)
	Balance at end of the year	18.1	22,472	10,869

- 18.1** This represents investment in 3,000,050 (2019: 50) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2019: 50%) shareholding in SCPL held by the SIHL. Summary of results of SCPL are as under:

	Note	2020 (Rupees in '000')	2019
Summarized statement of financial position			
Non-current assets		42,729	21,788
Current assets		2,522	1
Current liabilities		(307)	(50)
Net assets		44,944	21,739
Reconciliation to carrying amounts:			
Opening net assets		21,739	-
Total comprehensive loss for the year		(7,904)	(7,152)
Equity		31,109	28,891
Closing net assets		44,944	21,739
Group's share in carrying value of net assets		22,472	10,870
Group's share in total comprehensive income		(3,952)	(3,576)
Summarized statement of profit or loss			
Revenue for the year – Gross		-	-
Loss for the year		(7,904)	(7,152)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		(7,904)	(7,152)

19	LONG TERM DEPOSITS			
	Ijarah key money deposits	19.1	18,502	19,734
	Less: current portion of Ijarah key money deposits	24	2,596	2,439
			15,906	17,295
	Security deposits	19.2	61,382	69,916
			77,288	87,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

19.1 This represents Ijarah key money deposits adjustable on expiry of respective Ijarah financing arrangements against transfer of titles of relevant assets.

19.2 This represents security deposits given to various institutions/persons and are refundable on termination of relevant services/arrangements.

20	STORES, SPARE PARTS AND LOOSE TOOLS	Note	2020 (Rupees in '000')	2019
	Stores		150,642	123,620
	Spare parts		18,684	24,294
	Loose tools		590	1,510
			169,916	149,424
	Less: provision for slow moving items	20.1	18,604	17,787
			151,312	131,637
20.1	Balance at beginning of year		17,787	17,305
	Charged during the year		817	482
	Balance at end of year		18,604	17,787

21 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

22	TRADE DEBTS	Note	2020 (Rupees in '000')	2019
	Considered good			
	Related party - Shifa Foundation	22.1	17,875	28,647
	Related party - SIHT	22.1	25,783	-
	Others		692,254	656,044
			735,912	684,691
	Less: allowance for expected credit loss	41.1.3	130,013	97,498
	Less: bad debts written off		-	2,347
			605,899	584,846

22.1 Maximum amount due from Shifa Foundation and Shifa Integrated Health Technology (Private) Limited (SIHT) at the end of any month during the year was Rs. 52,502 thousand (2019: Rs. 44,238 thousand) and Rs. 25,783 thousand (2019: nil) respectively.

23	LOANS AND ADVANCES	Note	2020 (Rupees in '000')	2019
	Considered good - secured			
	Executives	23.1	2,726	3,617
	Other employees		19,517	18,141
			22,243	21,758
	Consultants - unsecured		1,571	1,066
	Suppliers/contractors - unsecured		394,372	422,723
			418,186	445,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		2020	2019	
		(Rupees in '000')		
23.1	Reconciliation of carrying amount of advances given to executives:			
	Balance at beginning of year	3,617	7,617	
	Disbursements during the year	11,053	25,584	
		14,670	33,201	
	Less: Repayments during the year	11,944	29,584	
	Balance at end of year	2,726	3,617	
23.1.1	The above advances were given in accordance with the SIHL's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 3,383 thousand (2019: Rs. 4,259 thousand).			
24	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	2020	2019	
		(Rupees in '000')		
	Current portion of Ijarah key money deposits	19	2,596	2,439
	Other deposits		60	60
	Short term prepayments		25,741	7,734
	Other receivables	24.1	69,064	67,002
			97,461	77,235
	Less: allowance for expected credit losses	24.2	18,192	18,111
			79,269	59,124
24.1	This includes Rs. 47,389 thousand (2019: 36,008 thousand) due from Shifa Pan African Hospital Limited.			
24.2	Allowance for expected credit loss	Note	2020	2019
			(Rupees in '000')	
	Balance of the beginning of year		18,111	-
	Charge during the year		81	18,111
	Balance at the end of year		18,192	18,111
25	OTHER FINANCIAL ASSETS			
	Investment-at amortized cost	25.1	455,884	3,000
	Investment in mutual funds classified as fair value through profit or loss	25.2	151,253	-
			607,137	3,000
25.1	This represent T- Bills purchased on June 01, 2020 and matured on August 25, 2020 at a yield of 7.8% per annum (2019: nil) and a term deposit receipt (TDR) having face value of Rs. 3 million with three months maturity with profit payable on monthly basis at the rate ranging from 6.00% to 12.60% per annum.			
25.2	This represent 1,495,644 units (2019: nil) of HBL Cash fund purchased during the year. Fair value of the investment was determined using quoted repurchase price as at June 30, 2020.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

26	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)	Note	2020 (Rupees in '000')	2019
	Balance at the beginning of the year		412,951	348,332
	Income tax paid/deducted at source during the year		331,690	352,697
			744,641	701,029
	Provision for taxation for the year	33	(250,460)	(288,078)
	Balance at the end of the year		494,181	412,951
27	CASH AND BANK BALANCES			
	Cash at banks in:			
	Current accounts			
	Local currency		402,450	160,835
	Foreign currency		1,893,210	1,159
			2,295,660	161,994
	Saving accounts:			
	Local currency		305,920	641,727
	Foreign currency		168	164
		27.1	306,088	641,891
		27.2	2,601,748	803,885
	Cash in hand		1,050	10
			2,602,798	803,895
27.1	These carry effective profit rates ranging from 2.35% - 9.51% and 0.10% (2019: 2.25% - 6.88% and 0.1%) per annum in respect of local and foreign currency accounts respectively.			
27.2	Balances with banks includes Rs. 79,576 thousand (2019: Rs. 80,226 thousand) in respect of security deposits (note 12.2).			
28	NON-CURRENT ASSET HELD FOR SALE		2020 (Rupees in '000')	2019
	Balance at beginning of year		-	-
	Addition during the year		390,600	-
	Disposed off during the year		-	-
	Balance at end of year		390,600	-
28.1	This represent the carrying value of land located at Islamabad Motorway with the area measuring 173.6 Kanals. The revaluation surplus reflected in note 7 to the consolidated financial statements include Rs. 7.9 million in respect of above land. As of current reporting date the forced sale value of the said land was assessed to be Rs. 313.9 million. The management of the SIHL is pursuing the sale of the land and expects the same shall be disposed-off during the next financial year.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

29	NET REVENUE	Note	2020 (Rupees in '000')	2019
	Inpatients		4,824,613	4,832,932
	Outpatients		2,846,938	2,645,242
	Pharmacy	29.1	4,294,236	4,048,938
	Other services	29.2	428,075	361,572
			12,393,862	11,888,684
	Less: discount		119,154	112,021
	Less: Sales tax		15,220	3,394
	Net revenue		12,259,488	11,773,269

29.1 This includes revenue of Rs. 500,068 thousand (2019: Rs. 426,358 thousand) from external pharmacy outlets.

29.2 This represent Rs. 298,888 thousand (2019: Rs. 314,972 thousand), Rs. 21,461 thousand (2019: Rs. 24,244 thousand) and Rs. 104,886 thousand (2019: Rs. 18,875 thousand) against Cafeteria sales, operating leases to related parties and revenue from construction services.

30	OTHER INCOME	Note	2020 (Rupees in '000')	2019
	Income from financial assets:			
	Profit on investments and bank deposits		16,602	6,222
	Income from other than financial assets:			
	Gain on disposal of tangible assets	15.6	14,292	4,416
	Gain / (loss) on foreign currency translation		117,629	(813)
	Liabilities written back		8,113	1,102
	Sale of scrap		14,595	6,858
	Miscellaneous		16,897	24,728
			188,128	42,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

31	OPERATING COSTS	Note	2020 (Rupees in '000')	2019
	Salaries, wages and benefits	31.1	4,699,117	4,561,573
	Utilities		538,853	417,497
	Supplies consumed		1,262,992	1,127,757
	Medicines consumed		3,168,954	2,961,556
	Communication		38,532	31,129
	Travelling and conveyance		25,957	27,288
	Printing and stationery		99,066	82,722
	Repairs and maintenance		489,414	401,321
	Auditors' remuneration	31.2	6,116	3,325
	Legal and professional		77,510	37,159
	Rent		14,712	139,097
	Rates and taxes		18,569	18,424
	Advertising and sales promotion		40,843	43,053
	Fee, subscription and membership		77,661	44,647
	Vehicle and equipment rentals	31.3	26,894	26,769
	Cleaning and washing		121,289	119,544
	Project cost		61,074	-
	Insurance		14,535	10,421
	Property, plant and equipment written off	31.4	5,273	3,221
	Provision for slow moving stores		1,438	999
	Depreciation/amortization on tangible assets	15 & 16	781,841	552,818
	Amortization on intangible assets	17	26,423	15,819
	Donation	31.5	8,000	15,000
	Miscellaneous		42,537	39,167
			11,647,600	10,680,306

31.1 This includes employee retirement benefits (gratuity) of Rs. 123,824 thousand (2019: Rs. 111,351 thousand), expense for compensated absences of Rs. 46,706 thousand (2019: Rs. 44,674 thousand) and bonus to employees of Rs. 59,269 thousand (2019: Rs. 107,674 thousand).

31.2	Auditors' remuneration	2020 (Rupees in '000')	2019
	Annual audit fee	2,040	1,900
	Half yearly review fee	970	700
	Statutory certifications	3,106	725
		6,116	3,325

31.2.1 The above fee is inclusive of sales tax amounting to Rs. 904 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 31.3** This includes ujarah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujarah payments under an Ijarah are recognized as an expense in the consolidated statement of profit or loss on straight line basis over the Ijarah term.

The amounts of future ujarah payments and the periods in which these will be due are as follows:

	2020	2019
	(Rupees in '000')	
Within one year	9,272	27,860
After one year but not more than five years	12,491	19,608
Total ujarah payments	21,763	47,468

- 31.4** This represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercised by the management.

31.5 Donation

This represents donation given to Shifa Tameer-e-Millat University (STMU) which is related party of the Company due to common directorship as detailed below:

Name of common directors	Interest in donee	Address of the donee
Dr. Manzoor H. Qazi	Director	H-8/4, Islamabad
Dr. Habib ur Rahman	Director	H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	H-8/4, Islamabad

32	FINANCE COSTS	Note	2020	2019
			(Rupees in '000')	
Mark-up on:				
	Long term financing - secured	32.1	384,102	61,519
	Running finance and murabaha facilities		1,291	10,109
	Interest on lease liabilities		52,011	-
	Credit card payment collection charges		21,175	20,365
	Bank charges and commission		6,113	3,108
			464,692	95,101

- 32.1** The borrowing costs of Rs. 7,951 thousand (2019: 134,923 thousand) capitalized as a cost of tangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

33	PROVISION FOR TAXATION	Note	2020 (Rupees in '000')	2019
	Current			
	- for the period	33.1	248,441	288,078
	- prior year		2,019	-
		26	250,460	288,078
	Deferred		61,218	11,354
			311,678	299,432

33.1 This mainly include the impact of minimum tax and capital gain tax on sale of lands/ building of SIHL.

34	EARNINGS PER SHARE - BASIC AND DILUTED	Note	2020 (Rupees in '000')	2019
	Profit for the year attributable to equity holders of SIHL		731	748,840
			(Numbers in '000')	
	Weighted average number of ordinary shares in issue during the year	34.1	61,752	54,538
			(Rupees)	
	Earnings per share - basic and diluted		0.01	13.73
34.1	Weighted average number of ordinary shares		(Numbers in '000')	
	Issued ordinary shares at July 01, 2019		54,538	54,538
	Shares issued to IFC - other than right		7,214	-
	Issued ordinary shares at June 30, 2020		61,752	54,538

Weighted average number of shares has been calculated on the basis of time factor of shares outstanding during the year.

35	CAPACITY UTILIZATION																												
	The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2020</th> <th style="text-align: center;">2019</th> <th style="text-align: center;">2020</th> <th style="text-align: center;">2019</th> <th style="text-align: center;">2020</th> <th style="text-align: center;">2019</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;">Available bed days</th> <th colspan="2" style="text-align: center;">Occupied bed days</th> <th colspan="2" style="text-align: center;">Occupancy Ratio</th> </tr> </thead> <tbody> <tr> <td>SIHL H-8/4 Islamabad</td> <td style="text-align: right;">179,842</td> <td style="text-align: right;">175,734</td> <td style="text-align: right;">105,629</td> <td style="text-align: right;">118,808</td> <td style="text-align: right;">58.73%</td> <td style="text-align: right;">67.61%</td> </tr> <tr> <td>SIHL Faisalabad</td> <td style="text-align: right;">18,538</td> <td style="text-align: right;">13,505</td> <td style="text-align: right;">5,247</td> <td style="text-align: right;">5,724</td> <td style="text-align: right;">28.30%</td> <td style="text-align: right;">42.38%</td> </tr> </tbody> </table>		2020	2019	2020	2019	2020	2019		Available bed days		Occupied bed days		Occupancy Ratio		SIHL H-8/4 Islamabad	179,842	175,734	105,629	118,808	58.73%	67.61%	SIHL Faisalabad	18,538	13,505	5,247	5,724	28.30%	42.38%
	2020	2019	2020	2019	2020	2019																							
	Available bed days		Occupied bed days		Occupancy Ratio																								
SIHL H-8/4 Islamabad	179,842	175,734	105,629	118,808	58.73%	67.61%																							
SIHL Faisalabad	18,538	13,505	5,247	5,724	28.30%	42.38%																							

35.1 The under utilization reflects the pattern of patient turnover which is beyond the management's control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

36	UNAVAILED CREDIT FACILITIES	2020 (Rupees in '000')	2019
	Unavailed credit facilities at year end are as under:		
	Running/Murabaha financing	500,000	796,900
	Letter of credit	400,000	147,700
	Diminishing Musharakah	100,763	672,125
	Ijarah financing	71,736	65,577
	Letter of guarantee	16,400	-
	SBP refinance scheme (Capex)	200,000	-
		1,288,899	1,682,302

37 NUMBER OF EMPLOYEES

The Group had 4,824 employees (2019: 4,877) at the year end and average number of employees during the year were 4,850 (2019: 4,813).

38 RELATED PARTIES TRANSACTIONS

The related parties comprise of associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its chief executive officers, chief financial officer, company secretary, non-executive directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment/entitlement.

The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Other transactions with the related parties are given below:

	Note	2020 (Rupees in '000')	2019
Shifa Foundation:			
Revenue from services earned by the SIHL	38.1	144,556	151,487
Revenue from rent earned by the SIHL		33	44
Expenses paid by and reimbursed to the SIHL		8,268	877
Other services provided to the SIHL		16,076	21,083
Tameer-e-Millat Foundation:			
Revenue from rent earned by the SIHL		311	311
Supplies provided to the SIHL	38.2	35,780	28,473
Other services provided to the SIHL	38.3	18,946	17,259
Rental services received by the SIHL		8,490	4,725

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For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
Shifa Tameer-e-Millat University:			
Revenue from services earned by the SIHL	38.1	33,791	47,615
Revenue from rent earned by the SIHL		9,648	12,911
Other services provided to the SIHL	38.3	68,283	69,518
Expenses paid by and reimbursed to the SIHL		12,239	11,753
Donation paid by the SIHL		8,000	15,000
Shifa Integrated Health Technology (Private) Limited:			
Revenue from services earned by the SIHL		51,858	-
Expenses paid by and reimbursed to the SIHL		739	-
Other services provided to the SIHL		11,672	-
Shifa Care (Private) Limited			
Revenue from rent earned by the SIHL		3,960	-
Expenses paid by and reimbursed to the SIHL		3,356	-
SIHL Employees Gratuity Fund			
Payments made by the SIHL during the year	38.4	73,273	82,907
Remuneration including benefits and perquisites of key management personnel		313,449	311,226

- 38.1** Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are executed on terms agreed between the parties.
- 38.2** The supplies mainly include uniforms and dairy products etc. These transactions are executed on terms agreed between the parties.
- 38.3** This represents services of nursing education/training, employees' children education and consultancy services. These transactions are based on terms agreed between the parties.
- 38.4** Transactions with the Fund are carried out based on the terms of employment of employees and according to actuarial advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 38.5** Names of related parties with whom the Group had entered into transactions or had agreements and/or arrangements in place during the financial year are as follow:

Name of related party (RP)	Basis of relationship	Percentage of	
		SIHL's shareholding in RP	RP's shareholding in the SIHL
Shifa Foundation	CD*	N/A**	0.92%
Tameer-e-Millat Foundation	CD	N/A	12.57%
SIHL Employees' Gratuity Fund	Benefit Plan	N/A	0.12%
Shifa Tameer-e-Millat University	CD	N/A	0.02%
Shifa CARE (Private) Limited	Associate & CD	50%	Nil
Shifa Integrated Health Technology (Private) Limited	CD	Nil	Nil
International Finance Corporation (IFC)	Associate	Nil	12%

*CD stands for common directorship.

**N/A stands for not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements in respect of remuneration and allowances, including all benefits, to chief executive, directors and executives of the Group are given below:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000')							
Managerial remuneration	45,352	43,734	22,183	25,336	7,855	9,730	251,605	194,990
Rent and utilities	6,205	6,205	2,474	4,654	1,567	1,267	32,676	33,419
Bonus and incentives	2,090	2,090	3,251	2,344	307	307	9,788	8,963
Gratuity	-	-	-	-	-	-	15,497	10,428
Medical insurance	-	-	64	121	61	60	1,837	1,970
Leave encashment	-	-	-	-	-	-	5,953	3,284
	53,647	52,029	27,972	32,455	9,790	11,364	317,356	253,054
Number of persons	2	2	1	2	8	7	50	36

39.1 In addition to above, the chief executive is provided with a SIHL maintained car, while one other director and twenty four executives availed car facility.

39.2 Managerial remuneration includes Rs. 2,700 thousand (2019: Rs. 4,441 thousand) paid to directors in respect of meeting attending fee.

39.3 Travelling expenses of directors for official purposes are reimbursed by the Group.

40 CASH AND CASH EQUIVALENTS

	Note	2020	2019
Investment - at amortized cost	25	455,884	3,000
Cash and bank balances	27	2,602,798	803,895
		3,058,682	806,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

41 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

41.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs for those credit exposure. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

The Group is also exposed to credit risk from its operating and short term investing activities. The Group's credit risk exposures are categorized under the following headings:

41.1.1 Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies/institutions, private companies (panel companies) and individuals to whom the Group is providing medical and construction related services. Normally the services are rendered to the panel companies and customers on agreed rates and limits from whom the Group does not expect any inability to meet their obligations. The Group manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECLs against those balances considered doubtful of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Cash and investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

41.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	(Rupees in '000')	
Long term deposits	61,382	69,916
Trade debts	605,899	584,846
Other receivables	69,124	67,062
Markup accrued	253	486
Other financial assets	607,137	3,000
Bank balances	2,601,748	803,885
	3,945,543	1,529,195

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2020	2019
	(Rupees in '000')	
Government companies	324,556	335,542
Private companies	244,907	226,277
Individuals	122,791	91,878
Related parties	43,658	28,647
Others	-	2,347
	735,912	684,691

41.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2020		2019	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')		(Rupees in '000')	
Not past due	169,526	9,867	287,376	19,978
1 - 4 months	282,705	33,552	259,652	28,129
5 - 7 months	104,574	9,595	22,564	4,815
8 - 12 months	67,245	10,872	46,952	10,161
13 - 18 months	22,767	10,926	15,054	7,905
19 - 23 months	89,095	55,201	53,093	26,510
	735,912	130,013	684,691	97,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000')	2019
Balance at beginning of year		97,498	111,728
Expected credit losses/(reversal)		32,515	(11,883)
Less: bad debts written off		-	2,347
Balance at end of year	22	130,013	97,498

- 41.1.4** The Group believes that no impairment allowance is necessary in respect of loan and advances, markup accrued, deposits and other financial assets as the recovery of such amounts is possible.

The ageing of Shifa Foundation and Shifa Integrated Health Technology (Private) Limited (SIHT) at the reporting date was:

	2020		2019	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
(Rupees in '000')				
Shifa Foundation				
1 - 4 months	17,875	-	28,647	-
SIHT				
1 - 4 months	25,783	-	-	-

- 41.1.5** Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR - VIS	A1+	AAA
Al Baraka Bank (Pakistan) Limited	JCR - VIS	A1	A
Meezan Bank Limited	VIS	A1+	AA+
United Bank Limited	JCR	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank	VIS	A1+	AA
Bank of Punjab	PACRA	A1+	AA-
Askari Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AA+
Silk Bank Limited	JCR - VIS	A2	A-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has credit facilities as mentioned in notes 9 and 36 to the consolidated financial statements. Further liquidity position of the Group is monitored by the board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
(Rupees in '000')						
2020						
Long term financing - secured	3,431,658	1,439	289,117	1,090,410	2,050,692	-
Trade and other payables	2,441,716	2,441,716	-	-	-	-
Unclaimed dividend	36,665	36,665	-	-	-	-
Mark up accrued	34,784	34,784	-	-	-	-
	5,944,823	2,514,604	289,117	1,090,410	2,050,692	-
2019						
Long term financing -secured	2,498,776	82,046	83,700	745,872	1,587,158	-
Trade and other payables	2,785,298	2,785,298	-	-	-	-
Unclaimed dividend	48,671	48,671	-	-	-	-
Mark up accrued	30,406	30,406	-	-	-	-
	5,363,151	2,946,421	83,700	745,872	1,587,158	-

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Group is exposed to currency and mark up rate risk.

41.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The transactions and balances in foreign currency are very nominal therefore the Group's exposure to foreign currency risk is minimal. The Group's exposure to foreign currency risk is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020 (Amount in '000')			2019 (Amount in '000')		
	Euro	USD	AED	Euro	USD	AED
Trade debts	-	536.25	-	-	-	-
Creditors	-	(162.50)	-	-	-	-
Bank balances	-	11,264.76	24.86	-	1.01	26.15
Letter of credit	(58.50)	-	-	-	-	-
	(58.50)	11,638.51	24.86	-	1.01	26.15

	2020 (Rupees in '000')			2019 (Rupees in '000')		
	Trade debts	-	90,079	-	-	-
Creditors	-	(27,357)	-	-	-	-
Bank balances	-	1,892,241	1,137	-	164	1,159
Letter of credit	(11,047)	-	-	-	-	-
	(11,047)	1,954,963	1,137	-	164	1,159

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
USD 1 - Buying	158.07	136.11	167.98	162.90
USD 1 - Selling	158.45	136.40	168.35	163.20
AED 1 - Buying	43.03	37.05	45.73	44.35
AED 1 - Selling	43.13	37.13	45.83	44.45
Euro 1 - Buying	174.85	155.16	188.43	185.20
Euro 1 - Selling	175.26	155.49	188.84	185.62

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the USD, AED and EURO at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2020			
Foreign currencies	+10%	194,505	194,505
Foreign currencies	-10%	(194,505)	(194,505)
2019			
Foreign currencies	+10%	132	132
Foreign currencies	-10%	(132)	(132)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

41.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Group's exposure to the risk of changes in market markup rates relates primarily to Group's long term debt obligations with floating markup rates.

The Group analyses its markup rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined markup rate shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions.

The Group adopts a policy to ensure that markup rate risk is minimized by investing its surplus funds in fixed rate investments like TDRs and Government securities.

Profile

At the reporting date the markup rate profile of the Group's markup-bearing financial instruments is:

	Note	2020 (Rupees in '000')	2019
Financial assets			
Other financial assets	25	607,137	3,000
Bank balances	27	306,088	641,891
		913,225	644,891
Financial liabilities			
Long term financing - secured	9	(3,431,658)	(2,498,776)
		(2,518,433)	(1,853,885)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the consolidated financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended June 30, 2020 would decrease/increase by Rs. 14,556 thousand (2019: decrease/increase by Rs. 2,819 thousand). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

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For the year ended June 30, 2020

41.4 Financial instrument by category

June 30, 2020	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Rupees in '000'				
Financial assets				
Maturing upto one year				
Trade debts	605,899	-	-	605,899
Other receivables	69,124	-	-	69,124
Markup accrued	253	-	-	253
Other financial assets	607,137	-	-	607,137
Cash and bank balances	2,602,798	-	-	2,602,798
Maturing after one year				
Long term deposits	61,382	-	-	61,382
	3,946,593	-	-	3,946,593
Financial liabilities				
Maturing upto one year				
Trade and other payables	2,441,716	-	-	2,441,716
Unclaimed dividend	36,665	-	-	36,665
Markup accrued	34,784	-	-	34,784
Current portion of long term financing - secured	290,556	-	-	290,556
Maturing after one year				
Long term financing - secured	3,141,102	-	-	3,141,102
	5,944,823	-	-	5,944,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

June 30, 2019	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Rupees in '000'				
Financial assets				
Maturing upto one year				
Trade debts	584,846	-	-	584,846
Other receivables	67,062	-	-	67,062
Markup accrued	486	-	-	486
Other financial assets	3,000	-	-	3,000
Cash and bank balances	803,895	-	-	803,895
Maturing after one year				
Long term deposits	69,916	-	-	69,916
	<u>1,529,205</u>	<u>-</u>	<u>-</u>	<u>1,529,205</u>
Financial liabilities				
Maturing upto one year				
Trade and other payables	2,785,298	-	-	2,785,298
Unclaimed dividend	48,673	-	-	48,673
Markup accrued	30,406	-	-	30,406
Current portion of long term financing - secured	165,746	-	-	165,746
Maturing after one year				
Long term financing - secured	2,333,030	-	-	2,333,030
	<u>5,363,153</u>	<u>-</u>	<u>-</u>	<u>5,363,153</u>

41.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

42 FAIR VALUE HIERARCHY

Lands owned by the Group are valued by independent valuers to determine their fair values as at June 30, 2020. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

43 CAPITAL MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Group intends to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

44 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	Rupees in '000'
Bank balances as at June 30, 2020	Placed under interest	117,810
	Placed under sharia permissible arrangement	188,278
		306,088
Return on bank deposit for the year ended June 30, 2020	Placed under interest	3,226
	Placed under sharia permissible arrangement	8,702
		11,928
Interest income on investment for the year ended June 30, 2020	Placed under interest	3,263
	Placed under sharia permissible arrangement	1,411
		4,674
Segment revenue	Disclosed in note 29	
Exchange gain		117,629
Finance cost paid		408,302
Relationship with bank having Islamic windows	Meezan Bank Limited Al-Baraka Bank (Pakistan) Limited Faysal Bank Limited Bank Alfalah Limited Bank of Punjab Askari Bank Limited Dubai Islamic Bank	
Loss on employee loans during the year		-
Loans obtained as per Islamic mode		2,931,012
Mark up paid on Islamic mode of financing		406,082
Interest paid on any conventional loan		2,220

45 OPERATING SEGMENTS

The consolidated financial statements have been prepared on the basis of single reportable segment. All revenue of the SIHL is earned from customers located in Pakistan. All non-current assets of the Group at June 30, 2020 are located in Pakistan. There is no customer with more than 10% of total revenue of the Group for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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46 IMPACT OF COVID-19 (CORONA VIRUS)

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. Due to this pandemic there was a ban imposed by local administration of Islamabad to treat OPD patients in hospitals which has also reduced the numbers of diagnostics and other procedures in SIHL, resultantly, the revenues and cash flows for last quarter of the current year were significantly decreased. The overall impact on decrease of revenues in SIHL was approximately Rs. 1.37 billion in last quarter. Consequently, the SIHL availed the loan facility under refinance scheme for wages & salaries of State Bank of Pakistan (SBP) and the deferment of existing loans repayment commitments under regulatory relief of SBP that enabled the SIHL to consolidate its liquidity position. Fortunately, after the quarter ended June 30, 2020, a significant increase in outpatient/inpatient numbers, diagnostics & surgeries etc. is evident which has positively impacted the financial and operational condition of the SIHL. Based on above trend the management of the SIHL expects to regain the past level of operations that will dilute the financial shocks of the pandemic.

Almost all of the subsidiaries of SIHL are in the startup phase and as of current reporting date and thereafter the Group's assessment has not indicated any adverse impact on carrying values of assets and liabilities of the Group and the management believes that the going concern assumption of the Group remains valid.

The Group will continue to actively monitor the situation and may take actions that alter its business operations as may be required by authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders.

47 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were approved and authorized for issue by the board of directors of the SIHL on September 26, 2020.

48 GENERAL

- Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- Comparative figures wherever necessary has been reclassified and rearranged for fair presentation.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SHAREHOLDERS' INFORMATION

PATTERN OF SHAREHOLDING

As at June 30, 2020

Number of shareholders	Size of holding of shares		Total shares held
	From	To	
173	1	100	7,267
1,136	101	500	542,170
311	501	1,000	260,692
256	1,001	5,000	585,413
83	5,001	10,000	689,711
49	10,001	15,000	590,595
36	15,001	20,000	654,830
22	20,001	25,000	490,235
10	25,001	30,000	273,792
10	30,001	35,000	319,324
8	35,001	40,000	311,612
5	40,001	45,000	210,820
14	45,001	50,000	676,532
8	50,001	55,000	420,678
3	55,001	60,000	176,510
2	60,001	65,000	125,750
1	70,001	75,000	70,772
5	75,001	80,000	393,010
1	80,001	85,000	80,500
6	85,001	90,000	529,949
3	90,001	95,000	276,597
9	95,001	100,000	900,000
1	100,001	105,000	105,000
5	105,001	110,000	538,488
1	110,001	115,000	111,500
4	120,001	125,000	492,910
2	125,001	130,000	252,825
2	130,001	135,000	266,890
3	135,001	140,000	411,267
1	145,001	150,000	149,008
3	150,001	155,000	454,955
3	155,001	160,000	476,400
1	160,001	165,000	161,040
1	165,001	170,000	167,410
1	170,001	175,000	170,300
1	175,001	180,000	180,000
1	195,001	200,000	200,000
1	200,001	205,000	204,925
2	205,001	210,000	415,317

Number of shareholders	Size of holding of shares		Total shares held
	From	To	
1	215,001	220,000	219,755
1	225,001	230,000	227,670
1	230,001	235,000	232,274
1	240,001	245,000	243,840
1	250,001	255,000	253,624
1	260,001	265,000	264,300
1	275,001	280,000	278,358
1	285,001	290,000	285,436
1	295,001	300,000	300,000
2	300,001	305,000	604,562
2	305,001	310,000	616,663
1	325,001	330,000	327,548
1	345,001	350,000	347,260
1	350,001	355,000	354,370
1	395,001	400,000	400,000
1	400,001	405,000	402,850
2	415,001	420,000	832,304
1	440,001	445,000	442,364
2	455,001	460,000	915,909
1	530,001	535,000	532,846
1	555,001	560,000	557,500
1	565,001	570,000	570,000
1	585,001	590,000	588,229
1	620,001	625,000	623,201
1	920,001	925,000	922,628
1	1,450,001	1,455,000	1,451,747
1	1,465,001	1,470,000	1,465,343
1	1,765,001	1,770,000	1,768,307
1	1,775,001	1,780,000	1,775,068
1	1,885,001	1,890,000	1,885,205
1	1,950,001	1,955,000	1,951,251
1	2,230,001	2,235,000	2,234,528
1	2,305,001	2,310,000	2,309,072
1	4,615,001	4,620,000	4,618,900
1	5,110,001	5,115,000	5,110,425
1	5,275,001	5,280,000	5,279,569
1	7,435,001	7,440,000	7,436,986
2,225			61,974,886

PATTERN OF SHAREHOLDING

As at June 30, 2020

Categories of shareholders	Number of shareholders	Shares held	Percentage
INDIVIDUALS	2119	36,867,832	59.49
FINANCIAL INSTITUTIONS	12	7,841,886	12.65
INVESTMENT COMPANIES	3	828,719	1.34
JOINT STOCK COMPANIES	15	171,996	0.28
MUTUAL FUND	9	2,324,839	3.75
CHARITABLE TRUSTS	4	57,038	0.09
OTHERS	62	9,263,676	14.95
INSURANCE COMPANIES	1	4,618,900	7.45
Total	2225	61,974,886	100.00

Categories of shareholders	Number of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children *	11	7,773,798	12.543
Associated Companies, Undertakings and related parties **	4	8,445,516	13.627
Banks, Development Financial Institutions, Non Banking Financial Institutions	12	7,841,886	12.653
Shareholders holding 10 % or more voting interest ***	2	15,225,627	24.567
Joint Stock Companies	15	171,996	0.278
Executives	3	20,900	0.034

* No. of Shares held by Directors, CEO and their spouses

Dr. Manzoor H. Qazi	1,465,343	2.36
Dr. Habib-Ur-Rahman	456,589	0.74
Mrs. Shahida Rahman W/o Dr. Habib-Ur-Rahman	13,117	0.02
Mr. Muhammad Zahid	947,099	1.53
Mr. Shafquat Ali Chaudhary	1,768,307	2.85
Mr. Qasim Farooq Ahmad	2,053,426	3.31
Dr. Samea Kauser Ahmad	1,030,594	1.66
Syed Ilyas Ahmed	11,336	0.02
Dr. Prof. Shoab Ahmed Khan	11,336	0.02
Dr. Mohammad Naseem Ansari	16,650	0.03
Mr. Javed K. Siddiqui	1	0.00

** Shares held by related parties

Tameer-e-Millat Foundation	7,788,641	12.57
Shifa Foundation	569,952	0.92
SIHL Employees' Gratuity Fund	76,923	0.12
Shifa Tameer-e-Millat University	10,000	0.02

Shareholders with 5 % or more voting interest

Tameer-e-Millat Foundation ***	7,788,641	12.57
International Finance Corporation ***	7,436,986	12.00
Mrs. Kulsoom Zaheer Ahmad	5,358,594	8.65
Jubilee Life Insurance Company Limited	4,618,900	7.45

FORM OF PROXY

34th Annual General Meeting
Shifa International Hospitals Limited

I/We _____
of _____
being a member of Shifa International Hospitals Ltd. Folio No./CDC A/c No. _____
No. of Shares _____ hereby appoint _____
of _____ Folio No./CDC A/c No. _____
or failing him/her _____
of _____ Folio No./CDC A/c No. _____
who is a member of the Company as my/our proxy in my/our absence to attend and vote for me/us
and on my/our behalf at the 34th Annual General Meeting of the Company to be held at 1100 hours
on Tuesday, October 27, 2020, and at any adjournment thereof.

As witness my hand this _____ day of _____ 2020.

Signed by the said _____



(Signature must agree with
the **SPECIMEN** signature
registered with the Company)

Witnesses:

1 Signature _____
Name _____
Address _____

CNIC/Passport No. _____

2 Signature _____
Name _____
Address _____

CNIC/Passport No. _____

Important:

1. This form of Proxy, duly completed, signed and stamped must be deposited at the Company's Registered Office, Sector H-8/4 Islamabad, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. CDC account holder, sub account holder/shareholder may appoint proxy and the proxy must produce attested copy of his/her CNIC or original passport at the time of attending the meeting.



AFFIX
CORRECT
POSTAGE

The Company Secretary
Shifa International Hospitals Limited
Sector H-8/4, Islamabad

میں / ہم ساکن شیئر ہولڈر

شفا انٹرنیشنل ہسپتال لمیٹڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر شیئر کا شمار بذریعہ ہذا تقرر کرتا ہوں

..... ساکن فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر

..... یا اس کی عدم دستیابی پر ساکن

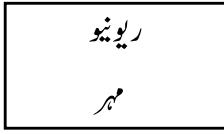
..... فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر جو کہ میری / ہماری غیر موجودگی میں میرے / ہمارے پراکسی (نمائندے) کے طور پر کمپنی کے

34 ویں سالانہ اجلاس عام میں جو 27 اکتوبر 2020 بروز منگل دن 11 بجے یا اس کے التوا کی صورت میں منعقد ہوگا میں میری / ہماری جگہ شرکت کرے

گا اور ووٹ استعمال کرے گا۔

میں بطور گواہ اس دن 2020

..... دستخط مذکورہ بالا



دستخط کمپنی کے پاس موجود

نمونہ کے دستخط کے مطابق ہونا چاہئے

گواہان:

..... 1- دستخط 2- دستخط

..... نام نام

..... پتہ پتہ

..... قومی شناختی کارڈ / پاسپورٹ نمبر قومی شناختی کارڈ / پاسپورٹ نمبر

خصوصی ہدایات:

1- یہ پراکسی فارم باقاعدہ طور پر مکمل کر کے، دستخط اور مہر کے بعد اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ دفتر واقع سیکٹر

H-8/4، اسلام آباد پہنچ جانا چاہئے۔

2- اگر ایک ممبر ایک سے زائد پراکسی یا پراکسی کے فارم کمپنی کے پاس جمع کرواتا ہے تو ایسے تمام پراکسی کے فارم کو غیر قانونی تصور کیا جائے گا۔

3- سی ڈی سی اکاؤنٹ ہولڈر، سب اکاؤنٹ ہولڈر / شیئر ہولڈرز اپنی پراکسی مقرر کرنے کا مجاز ہے۔ اس پراکسی کو اجلاس میں شرکت کے وقت

اپنی کمپیوٹرائزڈ قومی شناختی کارڈ یا اصلی پاسپورٹ کی کاپی لازمی دکھانا ہوگی۔



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The Company Secretary
Shifa International Hospitals Limited
Sector H-8/4, Islamabad





Shifa
International
Hospitals Ltd.

Pitras Bukhari Road,
Sector H-8/4, Islamabad - Pakistan
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Fax: +92-51-4863182
Email: info@shifa.com.pk
Website: www.shifa.com.pk