

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-3264

N O T I C E

June 04, 2009

Reproduced hereunder the letter received from ~~ENGLISH LEASING LIMITED~~ for information of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

**ENGLISH LEASING LIMITED**

April 2, 2009

Mr. Haroon Askari,
General Manager Operations,
The Stock Exchange (G) Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Show cause Notice

Dear Sir,

We refer to your letter #KSE/Gen-3112 dated March 20, 2009 on the subject.

We would like to submit that English Leasing Limited was incorporated in Pakistan and its shares are quoted on the stock Exchanges in Pakistan. The leasing operations of the company are suspended since December 24, 2001, because the leasing license was cancelled by SECP in terms of Clause (b) of Rule 5 of the leasing companies (Establishment & Regulation) Rules, which requires that minimum paid-up capital of the company has to be minimum of Rs.200 Million. Furthermore, the company's License to issue certificate of investment was also suspended by the Securities Exchange Commission of Pakistan vide letter no. SC/LESD (SC)/33/2001, dated July 01, 2001 and the company was also asked to comply with the rating requirements stipulated in rule 27(1) (c) of the Leasing Companies (Establishment & Regulation) Rules June 30, 2003 to avoid its cancellation. The company was also directed to en-cash certificates becoming due and not to issue new certificates.

The leasing industry historically focused on providing financing to small and medium sized enterprises and its support contributed significantly in growth of various critical sectors including transport, fuel and energy, textile, automobiles, construction, healthcare and agriculture. The performance of leasing sector during the years 2007-2008 was affected by the strong competition from commercial banks, which expanded range of their services to the traditional areas of operations of Non-Banking Finance Companies (NBFCs). The average spread, being the difference between average cost of funds and lending rates, narrowed further to below two percent (2%) thereby sharply reducing the profitability of leasing industry as compared to the commercial banks whose Average Spread are large. In order to survive in these times, the leasing companies are developing diversified business strategy as well as recapitalization. As a part of consolidation in the industry, a spate of mergers and acquisitions is expected. The prevailing circumstances may compel some of the leasing companies to consider the reconstitution of their company by changing in their line of businesses or by opting for diversification in their businesses.