



**Leather Up Limited**  
**Exclusive Leather Wear**

Wednesday July 21, 2010

**Haroon Askari,**  
 GM Operation,  
 The Karachi Stock Exchange (Guarantee) Ltd,  
 Karachi Stock Exchange Building,  
 Karachi Stock Exchange Road,  
 Karachi.

**Show Cause Notice under KSE Listing Regulation No. 30(2)**

Dear Sir,

Leather Up Limited was incorporated as a private limited company on 2<sup>nd</sup> December 1990 and subsequently converted into public limited company on 15<sup>th</sup> May 1993. On July 14, 1994 the company offered for subscription 3 million ordinary shares of Rs. 10/- each to general public and the public issue was heavily over subscribed. The same year, company quoted on the Karachi Stock Exchange (Guarantee) Limited.

It is rested on record that the historical aspects, boom and decline in the leather industry experienced over the past two decades. The leather garment sector continues to be besieged by problems both at the local as well as international scenes. The global cyclic recession in the fashion garment industry, negative fall out since 9/11 incident, clouds of regional conflict/war has drastically stayed away buyers from Pakistan, resulting in drastic decline of value as well as volume of exports in this industry. The inherent cyclic nature of the fashion world, limitations of the natural raw material, extra ordinary fluctuation in the prices of raw material (lather skins), and the higher cost of production per unit in Pakistan has immensely curtailed the potential export business in the industry.

The leather outwear has always been traditionally a fashion garment and has not only been affected by the present cyclic recession, it has also been critically affected due to loss of priority of garment industry in the West.

In the year 2002 leather garment exports industry has experienced substantial decline in its activity. Since the event in Afghanistan, continued recession in European market, cancellation of export orders have all contributed negative impact to the export of leather garment from Pakistan. We are thankful to State Bank of Pakistan who has given breathing space to the leather garment exporters to help out them in extreme trying times in shape of allowing extension in time period of matching export performance on case to case basis, reduced it from 2 times to 1.50 to meet exports with its export refinance facility, and also cut the rate of mark-up as per the need of times. The situation has not since improved a lot and till the revival of economy and improvement in the foreign market, the company was left with no alternate but to keep its liquidity intact. Its also state that since conclusion of the financial year 2001, when our production capacity was over utilized means 125%, but since then our production capacity has been under utilized due to badly hit exports by the factors briefly discussing here.

The company does have only stitching unit and major raw material component (leather) has been purchasing from tanneries located in the Korangi Industrial area, Karachi. However, in the absence of tannery, company did well in the past and remained in profits till the conclusion of the financial year 2003.

23/C, 15th Commercial Street,  
 Phase II-Ext., Defence Housing Authority,  
 Karachi, Pakistan.

Tel: 92-(21) 5880771  
 92-(21) 5880772