

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have disposed or transferred all your shares in I&M HOLDINGS LIMITED, please forward this Circular to the purchaser or the stockbroker or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular complies with the provisions of the Capital Markets (Licensing Requirements) (General) Regulations, 2002 and the Nairobi Securities Exchange rules and regulations.

Biashara Securities Limited has obtained approval from the Capital Markets Authority for the issue of this Circular.

As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements made or opinions expressed in this Circular. Approval of this Circular is not to be taken as an indication of the merits of the proposed private transaction or a recommendation by the Authority.

BIASHARA SECURITIES LIMITED

Incorporated in Kenya under
the Companies Act (Chapter 486)
Registration Number C. 21/84

Circular to Shareholders of

I&M HOLDINGS LIMITED

Relating to

The proposed private transfer of the entire equity interest of BIASHARA SECURITIES LIMITED in I&M HOLDINGS LIMITED to the registered shareholders of BIASHARA SECURITIES LIMITED

Date of issue: 11th October 2013

TABLE OF CONTENTS

The definitions set out on page 3 of this Circular have been used in the following table of contents and the cover page of this Circular.

	<u>Page</u>
Definitions	3
Corporate information.....	4
Circular to I&M HOLDINGS LIMITED Shareholders	
1. <i>Background.....</i>	5
2. <i>Information on Biashara Securities Limited</i>	5
2.1 Background.....	5
2.2 Shareholding.....	6
2.3 Board of Directors.....	7
2.4 Management.....	7
3. <i>The Private Transaction</i>	7
3.1 Salient features.....	7
3.2 Effect on the share ownership of I&M Holdings Limited	8
3.3 Statement by the Financial Advisor	8
4. <i>Directors Responsibility</i>	9

DEFINITIONS

In this Circular, unless otherwise stated, the words in the first column have the meaning stated opposite them in the second column, words in the singular include the plural and *vice versa*, words signifying one gender include the other gender and a reference to a person includes a reference to a body corporate:

"Applicant" or "BSL"	Biashara Securities Limited, a public company incorporated in Kenya (C.21/84).
"CMA"	The Capital Markets Authority of Kenya established under the Capital Markets Act (chapter 485A, Laws of Kenya).
"Circular"	this document dated 11 th October 2013.
"KES"	Kenya Shillings, the currency of Kenya.
"NSE"	The Nairobi Securities Exchange.
"BSL Board"	the board of directors of BSL.
"Regulations"	The Capital Markets (Licensing Requirements) (General) Regulations, 2002.
"IMHL"	I&M Holdings Limited, a public company incorporated in accordance with the laws of Kenya C. 7/50 and listed on the NSE.
"IMHL Board"	the board of directors of I&M Holdings Limited.
"IMHL shares"	ordinary shares of KES 1/- each in the issued share capital of I&M Holdings Limited.
"IMHL Shareholders"	holders of shares in I&M Holdings Limited.
"Private Transaction"	the proposed private transfer by BSL of its entire shareholding in I&M Holdings Limited to its registered shareholders as appearing in the register on the Transfer Date, outside of the NSE.
"Scheme of Arrangement"	the Scheme of Arrangement under section 207 of the Companies Act pursuant to which the Private Transaction will take place as per the approvals of the High Court of Kenya and the CMA.
"Transfer Date"	the date upon which the Scheme of Arrangement is implemented.
"Transferor"	Applicant or BSL as defined hereinabove.
"Transferees"	all the shareholders of BSL, registered, and appearing in its register of members on the Transfer Date.

CORPORATE INFORMATION

Biashara Securities Limited

Registered Office:

I&M Bank House,
L.R. No. 209/11906
2nd Ngong Avenue
PO Box 30831
00100, Nairobi GPO

Financial Advisor:

Pratul H Shah CPA (K), FCCA, CPS(K)
A4, Jasmine Centre, Westlands
PO Box 30094 -00100
Nairobi

Legal Adviser:

Kaplan & Stratton, Advocates
Williamson House, 4th Ngong Avenue
P.O Box 40111-00100
Nairobi

Company Secretary:

NP Kothari – FCPS (Kenya)

Company Auditors:

KPMG Kenya
16th Floor, Lonhro House
PO Box 40612
00100 Nairobi GPO

CIRCULAR TO SHAREHOLDERS OF I&M HOLDINGS LIMITED

1.0 BACKGROUND

- 1.1 On 22nd July 2013, BSL served a notice of intention on IMHL Board informing them that subject to receipt of all requisite approvals from the CMA and the Court (in respect of the Scheme of Arrangement), it was intended that BSL, an existing shareholder of IMHL, holding 13.92 per cent of the shares in IMHL will transfer its entire equity interest in IMHL being Fifty four million, five hundred ninety nine thousand, and thirty nine (54,599,039) shares of a par value of Kshs 1/- each to its registered shareholders as appearing in its register of members on the Transfer Date Pursuant to the Scheme of Arrangement.
- 1.2 On 29th July 2013, BSL announced, by way of a press notice published in accordance with the Regulation 61(2) of the Regulations, its intention to lodge an application with the CMA seeking approval for the Private Transaction.
- 1.3. On 29th July 2013, BSL submitted an application to the CMA in accordance with the Regulations seeking approval for this Circular. This approval was received/granted on 9th September 2013.
- 1.4 On 30th September 2013 the High Court of Kenya issued the orders allowing BSL to continue with the Scheme of Arrangement and subsequently striking it off the Companies' Register.
- 1.5 Further, BSL, has in accordance with the Regulations, sought an approval from the CMA for the Private Transaction following the final orders as granted by the Court.
- 1.6 Implementation of the Private Transaction will result in (i) BSL ceasing to be a shareholder of IMHL and (ii) the registered shareholders of BSL (approx. 1,000 in number) becoming direct shareholders of IMHL and holding in aggregate the same per cent of the issued share capital of IMHL that was previously held by BSL.
- 1.7 The purpose of this Circular is to set out the terms and conditions of the Private Transaction and provide the shareholders of IMHL, with relevant information on the Transferees, in accordance with Regulation 61(1) of the Regulations.

2.0 INFORMATION ON BSL ("THE APPLICANT")

2.1. Background

- 2.1.1 BSL was incorporated in Kenya on 11th June 1984 under registration number C. 27595 as a private limited liability company under The Companies Act, Cap 486. Later on it was converted to a public company and is currently registered under registration number C. 21/84.
- 2.1.2 It operated as a licensed banking institution in Kenya under the name of Biashara Bank of Kenya Limited from its inception in 1984 up to 31st December 2002. It

was amongst the oldest and the most respected private sector banks in Kenya till December 2002, when its banking business was acquired, and thereafter merged with the banking business of I&M Bank Limited. In consideration of this transaction, BSL received, *inter alia*, shares in I&M Bank Limited.

- 2.1.3 Further, it changed its name to Biashara Securities Limited with effect from 19th June 2003 and since then has been operating as an investment company, its only investment being shares in I&M Bank Limited.

2.2. Shareholding

As at 15th July 2013, BSL's authorized share capital stood at Kshs 350,000,000/- (Kenya Shillings Three Hundred and Fifty Million) divided into 3,500,000 (Three Million, Five Hundred Thousand only) ordinary shares of a par value of Kshs 100/- each while its issued and paid up share capital on the same date was Kshs 349,920,000/-(Kenya Shillings Three Hundred Forty Nine Million, Nine Hundred Twenty Thousand only) divided into 3,499,200 ordinary shares of a par value of Kshs 100/- each.

As at 15th July 2013, BSL had 988 shareholders, as determined from its share register. Given below is the list of the top 10 shareholders as at the same date.

Shareholder	Number of ordinary shares	Percentage of Issue Shares
Minard Holdings Limited	1,312,388	37.51%
Mnana Limited	651,866	18.63%
Kantilal Hirji Shah & Mrs. Vinumathi Kantilal Shah	145,895	4.17%
Mrs. Kantaben Amritlal Hirji Shah	145,895	4.17%
Eureka Holdings Limited	49,081	1.4%
Velji Khimji Maroo and Mrs. Jayaben Velji Khimji Maroo	12,666	0.36%
Shantilal Raishi Punja Shah	12,126	0.35%
Rajesh Dharamshi Shah	11,071	0.32%
Apul Narshi Shah	10,971	0.31%
Khimasia Foundation Registered Trustees	10,459	0.30%
Others (978 other shareholders)	1,136,782	32.49%
Total	3,499,200	100.00%

2.3. Board of Directors

The table below sets out the details of the members of the Board of BSL:-

Name	Description	Nationality	Age (Years)	Address
Suresh B R Shah	Chairman	Kenyan	69	P.O. Box 30238, Nairobi GPO, 00100
Navinchandra B Shah	Non-Executive Director	Kenyan	66	P.O. Box 45484, Nairobi
Kantilal H Shah	Non-Executive Director	British	77	P.O. Box 48071, Nairobi
Sarit S Raja Shah	Non-Executive Director	Kenyan	44	P.O. Box 30238, Nairobi GPO, 00100
Raghu Palat	Non-Executive Director	Indian	64	P.O. Box 30238, Nairobi GPO, 00100

2.4 Management

BSL has no employees and is managed by its directors.

3.0 THE PRIVATE TRANSACTION

3.1 Salient Features

- 3.1.1 BSL will transfer all of its 54,599,039 (Fifty four million, five hundred ninety nine thousand, and thirty nine) shares of a par value of Kshs 1/- each held in IMHL to its registered shareholders as appearing in its register of members on the Transfer Date by way of Private Transaction.
- 3.1.2 Pursuant to the Private Transaction, the Transferees' aggregate equity interest in IMHL will remain unchanged at 13.92% shareholding. However the Transferees will then hold the shares in IMHL directly rather than indirectly through BSL.
- 3.1.3 The agreement for the purpose of the Private Transaction will be evidenced by due completion and execution of the omnibus transfer form by shareholders and authorized signatories of BSL, evidenced and stamped by the Central Depository and Settlement Corporation.
- 3.1.4 IMHL is not responsible for any costs incurred in connection with the Private Transaction, all of which will be borne by the Applicant or the Transferor being BSL in this case.

4.2 Effect on the Share ownership of I&M Holdings Limited

❖ Before the Private Transaction

The shareholding structure of I&M Holdings Limited as at 30th June 2013 was as under:

Sr. No	Shareholder	Number of ordinary shares	Percentage of total Issued Shares
1	Ziyungi Limited	73,548,000	18.74%
2	Minard Holdings Limited	67,768,613	17.27%
3	Tecoma Limited	65,376,000	16.66%
4	Biashara Securities Limited	54,599,039	13.92%
5	DEG	24,516,000	6.25%
6	PROPARCO	17,365,500	4.43%
7	Prime Securities Investment Trust Limited	14,313,510	3.65%
8	The Registered Trustees Bhagwanji Raja Charitable Foundation	9,458,830	2.41%
9	Investment & Mortgages Nominees Ltd A/c 1229	8,392,485	2.14%
10	Investment & Mortgages Nominees Ltd A/c 4047	8,371,860	2.13%
11	Others (approx. 846 members)	48,652,202	12.40%
	Total	392,362,039	100.00%

❖ After the Private Transaction

On the assumption that the Private Transfer had been effected on 30th June 2013, the shareholding structure of I&M Holdings Limited after the Private Transfer will be as under:

Sr. No	Shareholder	Number of ordinary shares	Shareholding %
1	Minard Holdings Limited	88,246,187	22.49%
2	Ziyungi Limited	73,548,000	18.74%
3	Tecoma Limited	65,376,000	16.66%
4	DEG	24,516,000	6.25%
5	PROPARCO	17,365,500	4.43%
6	Prime Securities Investment Trust Limited	14,313,510	3.65%
7	Mnana Limited	10,171,255	2.59%
8	The Registered Trustees Bhagwanji Raja Charitable Foundation	9,458,830	2.41%
9	Investment & Mortgages Nominees Ltd A/c 1229	8,392,485	2.14%
10	Investment & Mortgages Nominees Ltd A/c 4047	8,371,860	2.13%
11	Others (approx. 1840 members)	72,602,412.00	18.50%
	Total	392,362,039	100.00%

5.0 STATEMENT BY THE FINANCIAL ADVISOR

Pratul H Shah has been appointed by the BSL Board as the independent financial advisor in connection with the proposed Private Transaction. To the best of knowledge and belief of Pratul H Shah this Circular constitutes full and true disclosure of all material facts about the proposed Private Transaction and BSL.

6.0 DIRECTORS DECLARATION

This Circular has been approved by the Board of BSL all of whom jointly and severally accept responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading.

By order of the **Board of Biashara Securities Limited**

Date: 11th October 2013