

INDIAN RESTAURANTS GROUP PLC
(AIM: IRGP)

Posting of Disposal Circular

On 18 July 2011, Indian Restaurants Group Plc ("IRGP" or "the Company") announced that it had entered into a conditional agreement to dispose of Chandan Limited ("Chandan"), through which directly or indirectly all of the Company's business is operated, to Swadha Limited. The total consideration for the Sale is £250,000 of which £150,000 will be paid on completion with the balance of £100,000 being paid in 78 equal weekly instalments.

As a term of the Agreement IRG has agreed to capitalise its intercompany loans to the Chandan Group amounting to, in aggregate, £610,000. As at 30 June 2011, the Chandan Group has net current liabilities amounting to approximately £470,000. In the 12 month period to 30 September 2010 the three restaurants making up Chandan recorded unaudited profits before taxation of £63,000.

Trading at the Group's restaurants in the period since 30 September 2010, being the last reported numbers, has been difficult and has worsened during the current calendar year. Trading is down on the equivalent period last year at all three restaurants and currently both Mela Redhill and Chandan (Mela Shaftesbury Avenue) restaurants are trading at a loss.

In view of the size and the fundamental nature of disposal of Chandan to the Company, it is a requirement of the AIM Rules that the Sale be approved by Shareholders at a general meeting of the Company. The Sale is therefore conditional on, *inter alia*, the passing of the appropriate resolution at a general meeting of the Company. A circular has been prepared the purpose of which is to provide Shareholders with the reasons for, and principal terms of the Sale, and to provide details of the Company's proposed investing policy following Completion ("the Circular").

The Circular has today been posted to all Shareholder and is available on the Company's website, www.indianrestaurantsgroup.com. All capitalised terms in this announcement are as defined in the Circular.

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