

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Indian Restaurants Group Plc, please forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible for transmission to the purchaser or transferee. If you have sold only part of your holding of Shares in Indian Restaurants Group Plc, you should retain these documents.

The Directors, whose names appear on page 5, and the Company, collectively and individually, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

INDIAN RESTAURANTS GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05239281)

Sale of Chandan Limited

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Indian Restaurants Group plc set out as Part 1 of this document which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice convening a General Meeting of Indian Restaurants Group Plc, to be held at 9.00 a.m. on 26 August 2011 at the offices of the Company's solicitors, Gordons Partnership LLP, at 22 Great James Street, London WC1N 3ES is set out at the end of this document. All Shareholders are urged to complete and return the enclosed Form of Proxy, whether or not they intend to be present at the meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event, in order to be valid, so as to be received by the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, not later than 9.00 a.m. on 24 August 2011. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting should he or she wish to do so.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	2 August 2011
Latest time and date for receipt of Form of Proxy	9.00 a.m. on 24 August 2011
General Meeting	9.00 a.m. on 26 August 2011

All references to time in this document are to London time.

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

"Agreement"	the share purchase agreement dated 15 July 2011 made between (1) the Company and (2) Swadha Limited relating to the sale and purchase of the entire issued share capital of Chandan
"AIM"	a market operated by London Stock Exchange
"AIM Rules"	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange from time to time
"Board" or "Directors"	the directors of the Company, whose names are set out on page 5 of this document
"Chandan "	Chandan Limited, a wholly owned subsidiary of the Company
"Chandan Group"	Chandan and its subsidiaries and subsidiary undertakings at the date of this document
"Company" or "IRG"	Indian Restaurants Group Plc, incorporated and registered in England and Wales with registered number 05239281
"Form of Proxy"	the form of proxy which accompanies this document for use by Shareholders in connection with the GM
"General Meeting" or "GM"	the General Meeting of the Company convened for 9.00 a.m. on 26 August 2011 to approve the Resolutions, or any adjournment of it, notice of which is set out at the end of this document
"Group"	the Company and its subsidiaries and subsidiary undertakings at the date of this document
"Investing Policy"	the investing policy explained in paragraph 6 of the Chairman's letter
"London Stock Exchange"	London Stock Exchange plc
"Notice "	the notice convening the GM set out in this document;
"Ordinary Shares" or "Shares"	ordinary shares of 0.5p each in the capital of

	the Company, having the rights and being subject to the restrictions contained in the Articles
"Proposals"	the proposals set out in this document regarding, <i>inter alia</i> , the Sale and the adoption of an investing policy for which the approval of Shareholders is sought
"Sale"	the sale by the Company of the entire issued share capital of Chandan
"Registrars"	the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA
"Resolutions"	the resolutions set out in the Notice
"Shareholders"	shareholders in the Company.

LETTER FROM THE CHAIRMAN

INDIAN RESTAURANTS GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05239281)

Directors

Haresh Kanabar (*Chairman*)
Alfredo Villa (*Chief Executive*)

Registered Office:

c/o SRL Services
Leicester Business Centre
11 Ross Walk
Leicester
LE4 5HH

2 August 2011

To the holders of Shares

Dear Shareholder,

Sale of Chandan Limited

Notice of General Meeting

1. Introduction

The Company announced on 18 July that it had entered into a conditional agreement to dispose of Chandan Limited, 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.

Swadha Limited is owed and controlled by Pranoti Singh, the wife of Kuldeep Singh who was until recently a director of IRG. In accordance with the AIM Rules, the Sale is therefore being treated as a transaction with a related party.

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 Resolution 1 in the Notice as an ordinary resolution of the Company.

If the Resolution is passed, the Agreement will be completed and the Company will cease to have a trade. In accordance with AIM Rule 15 the Company will be treated as an investing company and is required to state its investing policy going forward, which must also be approved by shareholders.

The purpose of this document is to provide you with the reasons for, and principal terms of the Sale, and to provide details of the Company's proposed investing policy following Completion. In addition, this document contains a notice convening a General Meeting of the Company at

which Shareholders' approval to the Resolutions necessary to implement the Proposals will be sought.

2. Information on Chandan

The Company is the parent company of the Group which owns and operates three restaurants. Two restaurants, Mela and Chowki, are based in Central London, the third restaurant, Mela Redhill, is based in Redhill. The Group has no other business.

Chandan is a wholly owned subsidiary of IRG. Chandan has two wholly owned subsidiaries, Rice and Spice Limited and Mela Redhill Limited

Chandan operates Mela, Rice and Spice Limited operates Chowki and Mela Redhill Limited operates Mela Redhill.

For the 12 month period to 30 September 2010, Chandan recorded unaudited revenues and profits before taxation of £1.2 million and £120,000 respectively. As at 30 September 2010 Chandan had unaudited net current liabilities of £109,000.

For the 12 month period to 30 September 2010, Rice and Spice Limited recorded unaudited revenues and profits before taxation of £1 million and £55,000 respectively. As at 30 September 2010 Rice and Spice Limited had unaudited net current liabilities of £333,000.

For the 12 month period to 30 September 2010, Mela Redhill Limited recorded unaudited revenues and losses before taxation of £311,000 and £112,000 respectively. As at 30 September 2010 Mela Redhill Limited had unaudited net current assets of £27,000.

3. Background to and reasons for the Sale

The Group has operated Indian restaurants since the Company's acquisition of the Mela, Chowki and The Three Monkeys (a restaurant in Herne Hill which has now closed) in February 2008. The expectation at that time was that the Group would be able to grow both organically and through acquisition. However, against the background of the challenging economic conditions that have prevailed since 2008, the Company has not been able to implement this strategy successfully.

As stated in the Chairman's statement accompanying the release of the Company's unaudited results on 28 March 2011 we had, over the previous six months, been actively working in conjunction with our major shareholders with respect to evaluating alternative options to increase the scale of the operations. In particular with the emphasis of scaling the business through acquisitions. Despite our best efforts we had been unable to achieve this objective and therefore indicated that, in consultation with our shareholders, it had been decided to conduct a review of our operations.

The result of this review is that the Board has concluded that the interests of Shareholders would be best served by a realisation of the restaurant businesses thereby allowing the Company the chance to explore other investment opportunities that may offer Shareholders a better prospect of positive returns in the current economic environment.

The Directors also believe that, given the continuing uncertain economic climate, the interests of the restaurants will be best served not being part of a public company.

4. Principal terms and conditions of the Agreement

Swadha Limited has offered to buy the entire issued share capital of Chandan for £250,000 of which £150,000 is payable on completion and the balance in 78 equal weekly instalments. Security will be granted over the shares in Chandan to secure these weekly payments.

As a term of the Agreement IRG has agreed to capitalise its intercompany loans to the Chandan Group amounting to, in aggregate, £610,000. It is estimated that Swadha Limited will be assuming net liabilities amounting to approximately £470,000 from the Chandan Group.

Kuldeep Singh, a former employee of the Company, will waive all claims against the Company arising out of his employment or its termination.

A copy of the Agreement is available for inspection as detailed in the Notice at the end of this document.

5. Current trading and prospects

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.

Trading in the Company's shares on AIM is currently suspended pending publication of audited results for the 18 month period ended 31 March 2011. The Directors expect that these results will be completed and published within a few weeks of the Sale being completed.

Following the Sale, the Company will no longer have a trade. The Company will be run as a skeleton operation in order to meet its contractual, regulatory and statutory obligations. Professional advisors will be retained, where appropriate, to assist with these matters.

The Company will seek to identify further ways to create value for Shareholders through acquisitions in the leisure market (see Investing Policy).

6. Investing Policy

The investing policy of the Company will be to acquire either minority interests or controlling stakes, either through the issue of securities or for cash, in quoted and non-quoted companies operating in the leisure sector ("the Investing Policy").

As a result of the Sale and in accordance with AIM Rule 15, the Investing Policy must be approved by Shareholders in general meeting and the Company must implement the Investing Policy within 12 months of Completion, otherwise trading in the Company's Ordinary Shares on AIM may be suspended in accordance with AIM Rule 40. If following suspension of the Ordinary Shares in accordance with AIM Rule 40, the Ordinary Shares have not been re-admitted to trading on AIM within six months, the admission of the Ordinary Shares to trading on AIM will be cancelled.

7. General Meeting

The Sale is conditional on the approval of the Shareholders at the GM. You will find at the end of this document a notice convening the GM to be held at the offices of Gordons Partnership LLP, at 22 Great James Street, London WC1N 3ES on 26 August 2011 at 9.00 a.m. At the GM, Resolution 1 will be proposed to approve the Sale. Resolution 2, which is conditional on the passing of Resolution 1, will be proposed to adopt the Investing Policy. The Resolutions will both be proposed as ordinary resolutions and to be effective they require passing by a simple majority of Shareholders.

8. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the GM. To be valid, a Form of Proxy must be completed and signed in accordance with the instructions thereon and returned to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and in any event so as to be received by no later than 9 a.m. on 24 August 2011. The completion and return of a Form of Proxy will not prevent Shareholders who are entitled to vote from attending and voting in person at the GM if they so wish.

9. Documents available

Copies of this document will be available to the public, free of charge, at the Company's registered office and at the offices of WH Ireland at 4 Colston Avenue, Bristol BS1 4ST during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for one month from the date of this document. This document is also available on the Company's website, www.indianrestaurantsgroup.com.

10. Recommendation

The Directors, having consulted with WH Ireland Limited, consider that the terms of the Sale are fair and reasonable insofar as shareholders are concerned. In providing advice to the Directors, WH Ireland has relied upon information supplied by the Directors and their commercial assessments. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 at the General Meeting.

The Directors believe that the adoption of the Investing Policy is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 2 at the General Meeting.

Yours faithfully

Haresh Kanabar
Chairman
Indian Restaurants Group Plc

INDIAN RESTAURANTS GROUP PLC

(the "Company")

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05239281)

NOTICE OF A GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Indian Restaurants Group Plc (the "**Company**") will be held at the offices of Gordons Partnership LLP, at 22 Great James Street, London WC1N 3ES on 26 August 2011 at 9.00a.m. for the purpose of considering and if thought fit passing the resolution set out below.

You will be asked to consider and vote on the following resolutions which will be proposed as an ordinary resolutions

It is not currently intended that any other business be dealt with at the General Meeting.

ORDINARY RESOLUTIONS

- 1. THAT** the sale by the Company of the entire issued share capital of Chandan Limited to Swadha Limited pursuant to the sale and purchase agreement dated 15 July 2011 and made between the Company (1) and Swadha Limited (2) on the terms summarised in the circular from the Company to holders of ordinary shares dated 2 August 2011 (the "Circular") be and is hereby approved, subject to such non-material variations as the directors of the Company shall, in their absolute discretion, think fit, and that the directors of the Company be and they are hereby authorised to take all such steps as they consider necessary or desirable to implement the sale and purchase agreement in accordance with its terms.
- 2. THAT,** conditional upon the passing of the resolution numbered 1 above the Investing Policy set out in the Circular be and it is hereby approved and the directors of the Company be empowered to carry the same into effect

By order of the Board

Haresh Kanabar
Company Secretary
Indian Restaurants Group Plc

Registered office:
c/o SRL Services,
Leicester Business Centre
111 Ross Walk
Leicester LE4 5HH

2 August 2011

Notes:

1. A member of the Company entitled to attend and vote at the above meeting may appoint a proxy to exercise all of his/her rights to attend, speak and (on a poll) vote instead of him/her. A proxy need not be a member of the Company. If you wish your proxy to speak on your behalf at the general meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to him/her.
2. A proxy does not need to be a member of the Company but must attend the general meeting to represent you. Details of how to appoint the Chairman of the general meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the general meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to him/her.
3. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he/she so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. For another form to appoint more than one proxy, please contact the Company's registrars at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the member's proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. A form of proxy is enclosed and to be valid must be completed and returned so as to reach the Company's registrars, Neville Registrars Limited, New Issue Department, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
7. To change proxy instructions a member should simply submit a new form of proxy using the method set out below. Members should note that the cut-off time for receipt of proxy forms (see above) also applies in relation to amended instructions; any amended proxy form received after the relevant cut-off time will be disregarded. Members should contact the Company's registrars for a new proxy form. If a member submits more than one valid form of proxy, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. In order to revoke a proxy instruction a member needs to inform the Company by sending a signed hard copy notice to the Company's registrars clearly stating his or her intention to revoke the proxy appointment. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars at the address set out above not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof. If a member attempts to revoke their proxy appointment but the revocation is received after the time specified then, subject to note 3 above, their proxy appointment will remain valid.
9. The register of interests of the Directors and their families in the share capital of the Company kept by the Company under section 809 of the Companies Act 2006 will be produced at the start of the general meeting until the conclusion of the general meeting.
10. Pursuant to Regulation 41 of The Uncertified Securities Regulations 2001, only those members registered in the Register of Members of the Company as at 9.00 a.m. on 24 August 2011 being not more than 48 hours before the time fixed for the meeting, are entitled to attend or vote at this meeting in respect of the number of shares registered in their name at 9.00 a.m. on 24 August 2010. Changes to entries in the Register after 9.00 a.m. on 24 August 2011 shall be disregarded in determining the right to attend or vote at the meeting.
11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. If multiple corporate representatives are appointed, in order to facilitate voting by corporate representatives at the general meeting, arrangements will be put in place at the general meeting so that:
 - (i) if a corporate member has appointed the Chairman of the general meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that

member at the general meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(ii) if more than one corporate representative for the same corporate member attends the general meeting but the corporate member has not appointed the Chairman of the general meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

13. A copy of the Agreement will be available for inspection at the registered office of the Company during normal business hours on any weekday from the date of this notice until the close of business on 25 August 2011 and at the place of the general meeting for 15 minutes prior to and during the general meeting.