

Indian Restaurants Group Plc (the "Company")

Proposed Capital Reorganisation

13 January 2010

The Company announces that it is seeking shareholder approval for a Capital Reorganisation as detailed in a Circular dated and despatched to its shareholders today (the "Proposals"). The Circular is available on the Company's website at www.indianrestaurantsgroup.co.uk. All definitions in this announcement bear the same meaning as those set out in the Circular, unless otherwise stated.

The Board considers that the Capital Reorganisation, which is explained in detail below, would facilitate any future fund raising that may be appropriate to the development of the Company's ongoing strategy.

The Board is also seeking Shareholders' approval at the GM to make consequential amendments to the Company's Articles of Association.

Summary of the Proposals

Currently, the Authorised Share Capital is £20 million divided into 200,000,000 ordinary shares of 10 pence each ("Existing Ordinary Shares"). There are currently 13,079,850 Existing Ordinary Shares in issue, credited as fully paid up.

Capital Reorganisation

Under the provisions of section 580 of the Companies Act 2006 (the "Act"), the Company may not allot shares at a price which is less than their nominal value of those shares. The closing mid market price of an Existing Ordinary Share as at the close of business on 12 January 2010, the latest practicable date prior to the despatch of this document, was 2 pence. The Directors consider that it would enable them and the Company to proceed more quickly with opportunities requiring the issue of additional equity, if the Company's share capital were to be reorganised on the basis of the Capital Reorganisation, details of which are set out below.

is proposed that each of the issued Existing Ordinary Shares with a nominal value of 10 pence will be sub-divided into one new ordinary share of 0.5 pence (a "New Ordinary Share") and one deferred share of 9.5 pence (a "Deferred Share").

The Deferred Shares will have very limited rights and are effectively valueless. The Deferred Shares will have no voting rights and will have no rights as to dividends and only very limited rights on a return of capital. They will not be admitted to or listed on any stock exchange and will not be freely transferable. It is the Board's intention, at the appropriate time, to make an application to the Court for the Deferred Shares to be cancelled.

The New Ordinary Shares will have the same rights as those currently accruing to the existing respective Ordinary Shares under the Company's Articles of Association, including those in respect of voting and entitlement to dividends. The sub-division should not affect the market value of a Shareholder's aggregate holding of Ordinary Shares.

The Company does not intend to make a general issue of new share certificates to existing Shareholders as a result of the Capital Reorganisation. Existing share certificates issued in respect of the Existing Ordinary Shares of 10p each will remain valid in respect of New

Ordinary Shares of 0.5p. The Company will make arrangements for the ISIN of the Existing Ordinary Shares, GB00B0YTNL47, to apply to the New Ordinary Shares.

CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares.

Once the proposed resolutions have been passed at the General Meeting, the share capital of the Company will comprise:

	Ordinary Shares of 0.5 pence each	Deferred Shares of 9.5 pence each
Authorised	200,000,000	200,000,000
Issued	13,079,850	13,079,850

Other Resolution

As part of the Capital Reorganisation, the Company intends to make consequential amendments to its Articles of Association to include provisions in respect of the Deferred Shares.

General Meeting (the "GM")

The Proposals are conditional on the approval of the Shareholders at the GM be held at the offices of Gordons Partnership LLP, at 22 Great James Street, London WC1N 3ES on 3 February 2010 at 9.00a.m. At the GM, Resolutions will be proposed to approve:

- (i) the Capital Reorganisation; and
- (ii) amendments to the Company's Articles of Association required in connection with the Capital Reorganisation.

Recommendation

The Directors consider that the Proposals are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favour of the Resolutions, as they intend to do, or procure to be done, in respect of their interests in Existing Ordinary Shares.

Further enquiries:

Indian Restaurants Group Plc
Haresh Kanabar, Chairman
Amit Pau, Chief Executive
020 7432 3278

W.H. Ireland Limited
Katy Birkin
0121 265 6330