

Investor Update

Blue Star Infotech

May 15, 2007

Blue Star Infotech Limited, the global software services provider, has registered a growth of 29% in its consolidated Sales revenue for the quarter ended March 31, 2007 – Rs. 341.56 million as compared to Rs. 265.59 million same quarter last year. Consolidated Net Profit for the quarter was at Rs. 34.12 million, compared to a corresponding figure of Rs. 21.93 million in the previous year ie; a growth of 56%.,

For the year ended March 31, 2007, consolidated revenue stood at Rs. 1183.90 million, representing a 30% increase over last year. Consolidated Net Profit for the year was Rs. 90.64 million, up 118% from Rs. 41.64 million last year.

As on March 31, 2007 the Company had liquid funds to the tune of Rs. 74 million. As a prudent financial measure, the company normally hedges its forex earnings against major currency fluctuations.

Operational Highlights for the Quarter ended March 31, 2007

- During the quarter ended March 31, 2007, the Company achieved a 29% sequential growth in revenue ie; 341.56 million as compared to Rs. 263.95 million during Dec 06 quarter..
- Company continues its focus on two key areas for growth in our chosen international markets: the Technology Sector and the Travel Sector. In these verticals company achieved growth in excess of 50% during the fiscal year 06-07.
- In addition to these initiatives, the Company has continued its thrust on realizing profitable growth in consulting services in the domestic market.
- 20 new customers added during the quarter and the total number of billed customers during the quarter was 80.
- Top 5 customers accounted for 36% of revenue.
- Offshore-related projects accounted for 65% of exports revenue.
- Global strength was 959 as of end March 2007. Since March 07, the Company has already crossed 1,000 manpower strength milestone.

Commenting on the performance, Mr. Suneel Advani, Chairman and Managing Director, said, “The year 06-07 can be looked upon as a turnaround year for the Company. The Company was able to consolidate its position in the overseas as well as domestic markets. Apart from winning a record new customer accounts, a multi million order was bagged from a fortune 500 client in the face of intense competition from large Indian IT companies. Employee attrition rate was brought down and at the same time reduction in average staff cost as a percentage of sales was achieved.”

Business Outlook

The Company has been successful in reversing a downward trend in revenue and profitability during the current year and is back on a growth track. It is expected that revenue and profitability will continue to improve in the coming quarters.

About Blue Star Infotech

Blue Star Infotech Limited is a global software services provider of software engineering, design and development services. Headquartered in Mumbai, India, BSI's software development centers in Mumbai and Bangalore have been assessed at SEI-CMMI Level 5/ ISO 9001:2000.

BSI serves its global clientele through offices in Santa Clara (CA) and Jersey City (NJ) in North America, London & Helsinki in Europe and Tokyo in Asia pacific region. The company also has business associates in USA, Continental Europe, Japan and Australia.

With state-of-the-art development centers and infrastructure, about 1,000 professionals and a growing list of Fortune 500 and medium-sized enterprise clients since the past twenty years, BSI is poised to play a major role in the global software industry. The company has four main lines of business: Global Research & Development, Business Applications Practice, Consulting Services Practice and Systems Integration Practice.

The company is listed on the National Stock Exchange and the Bombay Stock Exchange in India.

The Group has business relationships and technology tie-ups with world renowned companies including Hewlett Packard, U.S.A.; Hitachi, Japan and York International (now a part of Johnson Controls), USA to name a few.

Preferred Relationships

BSI has a track record of building long-term partnerships with Fortune 500 and medium-sized companies. Some of these include:

- Applications development partner of a US Fortune 50 technology company for over **twenty one years**.
- Product development support to the European R&D Group of a \$15 billion US Fortune 500 multi-product company for over **eleven years**.
- Embedded software development team for a Japanese Fortune 25 manufacturer of hi-technology medical equipment for over **six years**.
- Dedicated offshore development center for a California-based developer of business planning software for over **six years**.
- Development partner of a leading US-based networking company for over **six years**.

In addition to these well-established partnerships, Blue Star Infotech continues to add premier customers to its growing number of large engagements.

Investor Relations

Blue Star Infotech Ltd is committed to create long-term sustainable shareholder value through successful implementation of its growth plans. The company's investor relations mission is to maintain an ongoing awareness of its performance among shareholders and financial community.

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Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.