

April 17, 2013

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2513.53 (enhanced from 2477.51)	CARE BB (Double B)	Revised from CARE BBB- (Triple B Minus)
Total	2513.53		

Rating Rationale

The revision in rating of Andhra Pradesh State Road Transport Corporation (APSRTC) is on account of deterioration in its credit profile during FY12 (refers to the period from April 1 to March 31) and 11MFY13 due to continuing losses and increasing debt. It continues to be constrained due to limited control on the cost and pricing structure and growing competition from other private players. The rating however continues to taken into account the, financial support from GoAP, established track record of operations, socio-economic importance of the operations of the corporation, strong fleet base and continuous growth in income with increase in average basic fare. Improvement in the operations and turnaround of the corporation into profitable venture are the key rating sensitivities.

Background

Andhra Pradesh State Road Transport Corporation (APSRTC) was established on January 11, 1958 in pursuance of the Road Transport Corporations Act 1950 with an objective of providing road transport facilities in the state of Andhra Pradesh (AP) and neighbouring states. The corporation was started with contributions from Government of Andhra Pradesh (GoAP) and Central Governments in the form of interest bearing loan capital which was later converted into equity capital in the year 1992. As on March31, 2011, GoAP has 67% stake and Government of India has 33% stake in the corporation.

During FY12, APSRTC reported a loss of Rs.585.31 crore (Rs.317.39 crore in FY11) on a total operating income of Rs.6677.41 crore (Rs.6145.69 crore in FY11). During 11MFY13 (provisional), APSRTC reported a Net Loss of Rs.291.73 crore on a total income of Rs.6978.76 crore as compared to Net Loss of Rs.485.01cr on total income of Rs.6028.67cr in 11MFY12.

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