

April 20, 2012

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF  
ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION**

**Rating**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	2477.51 (enhanced from 1240.85)	<b>CARE BBB-</b> <b>(Triple B Minus)</b>	Reaffirmed

**Rating Rationale**

The rating continues to take into account APSRTC being Government of Andhra Pradesh (GoAP) organisation, established track record of operations, social and economic importance of the operations of the corporation, strong fleet base, continuous growth in income with increase in average basic fare and financial support from GoAP. However, the rating is constrained by limited control on the cost and pricing structure, growing competition from other private players, losses during FY11(refers to the period April 1 to March 31) due to Telangana agitations and considerable accumulated losses leading to erosion of Networth. 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 neighboring 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 March 31, 2011, GoAP has 67% stake and Government of India has 33% stake in the corporation.

During FY11, ABCL has reported a Net loss of Rs.317 cr (Rs.529 cr for FY10) on a total income of Rs.6006 cr (Rs.5019 cr for FY10). During 11MFY12 (Provisional), APSRTC incurred net loss of Rs.485 cr on a total income of Rs.6029 cr.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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