

May 13, 2011

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

Ratings Assigned

Facilities/Instruments	Amount (Rs. Crore)	Ratings¹	Remarks
Long-term Bank Facilities	1240.85 (enhanced from 388.46)	'CARE BBB' (Triple B minus)	'Re-affirmed'
Total Facilities	1240.85 (enhanced from 388.46)		

Rating Rationale

The rating continues to draw support from APSRTC's established track record of more than 50 years, social and economic importance of the operations of the Corporation, strong fleet base and financial support from the Government of Andhra Pradesh (GoAP). The rating is however constrained by considerable accumulated losses as on March 31, 2010, net loss in 10MFY11, limited control on the cost and pricing structure and growing competition from the private operators. Ability of the corporation to timely revise the basic fares along with improvement in its occupancy ratio so as to make operations profitable and receipt of concession payment in timely manner from Government of AP are the key rating sensitivities.

Company Profile

APSRTC was established in January 1958 under the Road Transport Corporations Act 1950 for providing road transport facilities in the State of Andhra Pradesh (AP) and neighbouring states. As on December 31, 2010, the corporation had a fleet of 21,854 buses serviced through 210 depots.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

APSRTC reported a loss of Rs.530.1cr on total operating income of Rs.5019cr in FY10 as compared to PAT of Rs.110.8cr on a total operating income of Rs4870.9cr in FY09. For the ten month period ended January 31, 2011 (unaudited), APSRTC posted a net loss of around Rs.253.9cr on a total operating income of Rs.5076.8 cr.

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