

July 8, 2010

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

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	388.46	'CARE BBB-' (Triple B Minus)	Reaffirmed
Total Facilities	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, improving operational performance, good debt servicing track record, financial support from the State Government of Andhra Pradesh (GoAP) and improved financial results during FY08 and FY09. The rating is however constrained by considerable accumulated losses as on March 31, 2009 resulting from losses incurred by the Corporation over the years, net loss in 9MFY10, limited control on the cost and pricing structure and growing competition from the private operators.

Going forward, continuation of financial support from the State Government, timely receipt of subsidy from the Government and APSRTC sustaining the improved operational performance would be key rating sensitivities.

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

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 neighboring states. As on December 31, 2009, the corporation had a fleet of 21,439 buses serviced through 202 depots. APSRTC reported a PAT of Rs.111 cr on total revenue of Rs.5,021 cr in FY09 (unaudited). For the nine-month period ended December 31, 2009 (unaudited), APSRTC posted a net loss of around Rs.63 cr on a total income of Rs.3,776 cr.

Analyst Contact

Name: K. Karthik Raj

Tel # 044-28697812

Mobile # 9940162244

Email: karthik.raj@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Prahaldnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>