

REPORT OF THE MANAGING DIRECTOR:

I. GENERAL:

During the financial year 1999-2000 the Board had witnessed unfavourable monsoon conditions during the normal monsoon cycle (June 99 to October 99) in the catchment areas of the source reservoirs. However, considering the quantity of water available for distribution from the previous season, the Board had maintained the daily supply till January 2000. With no inflows during the months of November, December and January 2000, the water levels started receding. Reluctantly, the Board had to restrict the water supply and had to reintroduce alternate day supply w.e.f. 7th February 2000. At the end of the financial year, there were welcome rains, which were unusual but helped to meet additional summer demand of the twin cities & neighbouring areas. The Board also taken up various works to improve the availability of water to the customers by drilling new bore wells, carrying out repairs to existing bore wells besides engaging additional water tankers.

The comparative rainfall figures in the three main districts, viz., Hyderabad, Ranga Reddy and Medak where the source reservoirs of the Board are located, in the last five years is appended below. As the rainfall was inconsistent, the Board had to change the supply from daily to alternate day supply and vice versa.

(Rainfall quantity in mm)

District	Normal per year	1995-96	1996-97	1997-98	1998-99	1999-2000
Hyderabad	845	1056	971	609	985	545
Ranga Reddy	812	924	877	605	1133	697
Medak	959	996	973	658	964	845

The water supply quantity varied from 145 MGD for the first 10-months of the financial year 1999-2000. Reviewing the situation & realizing the ensuing summer demand, the Board decided to reduce the quantity and also introduce the alternate day supply. As such, the quantity was reduced from 145 mgd to 128 mgd with effect from 7th February 2000 besides restricting water supply once in two days. This was necessary to keep the required pressure and able to supply to the distant places. The comparative figures of the last five years of the water levels in the main source reservoirs of the Board as on 1st September are shown in the following table.

Sl.	Particulars	Osman Sagar	Himayat Sagar	Manjira	Singoor
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No.		(Ft.)	(Ft.)	(Ft.)	(Ft.*)
1	Full Level	1790.00	1763.50	1651.75	<u>1717.40*</u> 523.60 Mts.
1	September 96	1782.85	1750.14	1650.40	522.45
2	September 97	1779.80	1744.26	1647.60	519.25
3	September 98	1785.75	1753.54	1649.20	522.55
4	September 99	1782.45	1756.10	1647.10	521.61
5	September 2000	1789.15	1760.38	1647.30	522.96

II. FINANCE:

During the year under view, the Board had received Rs.17.28 crores as capital grants for the on going Mega City Project from the surrounding municipalities and Rs.6.55 crores as revenue grants from Government of Andhra Pradesh. Out of Rs.6.55 crores, Rs.5.80 crores were released towards adverse seasonal conditions and towards works connected with improving the availability/supply of water. The Board had generated on its own an income of Rs.101.95 crores by water & sewerage cess. With the trust on providing more connections to the needy, the Board had released new connections and realized Rs.14.49 crores as connection charges. The existing project with the assistance of HUDCO is progressing well and most of the works will be completed in a couple of years. The Board's major project of bringing water from river Krishna is yet to commence and as such there was no income or expenditure during the year.

III. OPERATIONS OF THE BOARD:

The income from water cess had increased to Rs.84.81 crores during the financial year 1999-2000 as against Rs.80.41 crores in the previous year, showing a marginal increase of Rs.4.40 crores. The income from sewerage cess had marginally reduced by Rs.0.59 crores to Rs.17.14 crores during the financial year 1999-2000 as against Rs.17.73 crores in the previous year. There was no revision of water & sewerage tariff during the year under review. The last revision was made on 1st February 1997. As result of streamlining release of new connections through Single Window Cell, the new connection charges amounted to Rs.14.45 crores during 1999-2000 as against Rs.7.79 crores in the previous year. Interest & other income had reduced by Re.0.96 crore to Rs.3.70 crores during the

year as compared to figure of Rs.4.66 crores earned during the previous year. With the reduction in the availability of surplus funds, the interest income had come down.

The staff cost increased to Rs.49.78 crores as against Rs.39.80 crores in the previous year, due to implementation of revised pay scales as well as normal increases like increased dearness allowance etc. The power & electricity cost was at Rs.41.90 crores during the year as against Rs.38.34 crores in the previous year, resulting in an increase of Rs.3.56 crores. During the current financial year also, the Board had benefited from the low cost of power generated and supplied by Andhra Pradesh Gas Power Corporation Limited (APGPC). The investment made by the Board in purchase of the shares of APGPC at a cost of Rs.2.25 crores during the year 1998-99 had helped to keep the power cost at lower level, despite increase in tariff by the AP Transco. The operations & maintenance expenditure of the water supply & sewerage system was at Rs.20.67 crores compared to the expenditure of Rs.19.40 crores incurred in the previous year. The nominal increase of Rs.1.27 crores was because of the additional preventive maintenance works taken up. Interest expenditure during project construction period is capitalized as per the standard practice and as such the finance charges on the current operations were nominal at Re.0.40 crore only.

The operations had resulted in a gross deficit of Rs.2.67 crores for the year 1999-2000, before considering depreciation and interest charges. After considering interest applicable and depreciation charges, the net result of operations for the year 1999-2000 was a deficit of Rs.16.01 crores as compared to a net deficit of Rs.6.02 crores for the previous year.

IV Mega City Project

The Mega city Project aims to improve and extend service levels in the MCH area and the surrounding nine municipalities, surrounding the twin cities of Hyderabad & Secunderabad. It was launched with a total outlay of Rs.112.00 crores of which financial assistance was sought from HUDCO to the extent of Rs.68.40 crores. The Project cost has been revised upwards, considering additional requirements, to Rs.136.80 crores. It is proposed to take up works costing Rs.71.78 crores for development of water supply & sewerage systems in the nine (9) municipalities in a phased manner. The balance of Rs.71.78 crores is towards works within the limits of Municipal Corporation of Hyderabad.

The Board had drawn a total of Rs.63.16 crores from HUDCO on this project till the end of the current financial year. The Board also been receiving the share of the municipalities as agreed for undertaking the project. More than 90% of the total Mega city works were already awarded and the works are in progress.

The major works include construction of storage reservoirs at 13 (thirteen) places with a total capacity of 31.50 ML in the surrounding nine municipalities and construction of

storage reservoirs at 3 (three) places with a total capacity of 21 ML in MCH limits. Works also include laying trunk feeder mains to the reservoirs and trunk distribution mains from the reservoirs for a total length of 125 km in surrounding municipalities and similarly for a total length of 34 km within MCH limits. Trunk sewers and collecting sewers to a length of 45 km had been laid to abate pollution of Saroornagar lake, Erragunta and Nallacheruvu under this Mega city Project.

V Rain Water Harvesting

VI Single Window Cell

VII Metro Customer Care

VIII Metro Staff Training College

IX ACKNOWLEDGEMENTS

I wish to convey my sense of appreciation to all the staff for their unstinted support and cooperation. I wish to particularly pay tributes to the services rendered by the employees who retired this year. The Board pays its condolences to those who passed away. My sincere thanks to the Directors of the Board for their support and guidance.

My sincere gratitude for the support received from other Government Departments like Traffic, Public Health and other regulatory agencies viz., HUDA, MCH, APTRANSCO and APPCB. My sincere gratitude also for the continued support received from the Bankers' of the Board and financial institutions, Syndicate Bank, SBH, Canara Bank and HUDCO.

Date:10-08-2000.

HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Khairatabad, Hyderabad.

SCHEDULES FORMING PART OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2000 (Continued)

11. Notes on Accounts

1 The Hyderabad Metropolitan Water Supply and Sewerage Board (herein after referred to as 'Board') has come into existence by an enactment (Hyderabad Metropolitan Water Supply and Sewerage Act, 1989) of Government of Andhra Pradesh (XV of 1989). As per the provisions of the said Act, all assets, liabilities, rights and obligations of the erstwhile Hyderabad Metro Water Works Department of the Government (therein after referred to as 'Department') vest with the Board.

2. A) The assets and liabilities of the Department including sundry debtors and current

liabilities as on 1st November 1989 to the extent identified and/or ascertained were taken into account by assigning an estimated value where book values were not available. Wherever book values were available the same values were adopted.

B. The lands acquired prior to the formation of the Board were identified and taken into account during 1998-99. Some of the buildings and other minor assets acquired prior to the formation of the Board could not be taken into account due to non-valuation by competent authority. However, efforts are being made to complete the process of valuation and to take into the accounts of the Board.

C) The net worth of the Department ascertained as above is treated as contribution by the Government in kind.

3. Liability on account of retirement benefits to the employees of the department as on transfer date is not ascertained and provided for in the statements. Payments towards pension and other retirement benefits are accounted for as expenditure on cash basis as and when paid.
4. Reduction in land value as shown under Additions in the fixed assets represent the refunds for excess payments made for lands acquired by the Board in earlier years.
5. Accounting Policies: Pending finalisation of the accounting regulations under the Act, the following accounting policies are adopted by the Board for preparation and presentation of the accounts.
 - a. Depreciation is provided on the assets of the Board as per First Schedule to the Act read with section 14 of the Act. Depreciation is provided for the full year on additions during the year.
 - b. Contributions received from Government of Andhra Pradesh by way of grants for the purpose of execution of projects for creation of capital assets is treated as contributions from Government in cash. Grants received for other purposes, less utilised during the year out of such grants, is shown as liability as Unspent Grants.
 - c. Expenditure on Power, Staff cost (excluding retirement benefits) and Interest is accounted for on accrual basis and all other revenue expenditure is accounted for on cash basis.
 - d. To the extent of demands raised on consumers for the water supplied during the accounting period are only accounted for as operating revenue irrespective the quantum of water transmitted.
 - e. Grants and other receipts are accounted for on cash basis.

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- f. Income on centage charges is accounted for on accrual basis.

- g. Consumer deposits are treated as revenue in the year of receipt and the same are treated as an expenditure on repayment.
- h. Only payments made for capital work including advances and material purchases are shown as capital work-in-progress till the asset is completed and capitalised.
3. Enhancement of the Borrowing limits of the Board up to Rs.300 crores under section 12 (3) of Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 has been approved. However, necessary Government Notification is awaited.
4. During the 1998-99, the Board had purchased 2,68,000 number of equity shares of M/s. AP Gas Power Corporation Ltd by paying an amount of Rs.2,25,00,000. The face value of the shares is Rs. 26,80,000. The company's shares are not quoted on any stock exchange.
5. Figures for the previous year are regrouped wherever necessary.

Hyderabad,

30-04-2002

On behalf of the Board

(G.Nageswara Rao)
(M.G.Gopal)

Director (Finance)
Managing Director

[Summarised Income & Expenditure Account at a glance for the last 10 years](#)

[Trial Balance as on 31st March 2000](#)