

# **HMWS&SB**

## **10<sup>th</sup>**

# **ANNUAL REPORT**

## **1998-99**

### **THE BOARD OF DIRECTORS\***

#### **Ex- Officio Chairman**

**Sri. N.CHANDRABABU NAIDU,**  
Hon'ble Chief Minister, A.P.

#### **Ex- Officio Vice Chairman**

**Sri. N. Md.Farooq,**  
Hon'ble Minister of Municipal  
Administration & Urban Development

#### **Ex- Officio Directors**

**Sri. C.S.Rangachary, IAS,**  
Special Chief Secretary to Govt, (EFS&T) &  
Chairman, A.P. Pollution Control Board

**Sri. N.S. Hariharan, IAS,**  
Principal Secretary to Govt,  
MA & UD Department

**Sri. P.K. Agarwal, IAS,**  
Principal Secretary to Govt,  
Irrigation Department

**Sri. R.C. Samal, IAS,**

#### **Directors**

**Sri. Khursheed Ahmed,**  
Director (Technical),  
HMWSSB

**Sri. G. Nageswara Rao**  
Director (Finance),  
HMWSSB

**Sri. L.V. Subrahmanyam, IAS.,**  
Managing Director,  
HMWSSB

Principal Secretary to Govt,  
Finance Department  
**Sri. P.K. Mohanty, IAS,**  
Commissioner,  
Municipal Corporation of Hyderabad  
**Sri. Dr. P. Rama Rao,**  
Director of Health Department

\* as on 25.07.2000.

## TENTH ANNUAL REPORT 1998-99.

### REPORT OF THE MANAGING DIRECTOR:

#### I. GENERAL:

During the financial year 1998-99, the Board had witnessed erratic rainfall creating unfavorable monsoon conditions in the first phase of the Mansoon cycle in the catchment areas of the source reservoirs. However, this was reversed in the second phase of the Mansoon cycle and all the source reservoirs received copious inflows and almost reached the maximum capacities by end of September 1998. With more water available for distribution, the Board had reverted to daily supply from 6<sup>th</sup> August 1998. The daily supply continued throughout the balance period of the financial year 1998-99.

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 given below. As the rainfall was erratic, the Board had to change the water supply from daily basis to alternate day supply and vice versa based on water levels..

District	Normal per year	1994-95	1995-96	1996-97	1997-98	1998-99
Hyderabad	845	850	1056	971	609	985
Ranga Reddy	812	723	924	877	605	1133
Medak	959	861	996	973	658	964

The water supply quantity varied during the financial year 1998-99 from 95 MGD in the

month of April 98 to 110 MGD in the month of May 98 to 145 MGD from August 98 onwards. For the rest of the financial year 1998-99, the supply of 145 MGD continued. The water level position in different reservoirs for the respective last five years as on 1st September is also shown in the table given below:

Sl. No.	Particulars	Osman Sagar (Ft.)	Himayat Sagar (Ft.)	Manjira (Ft.)	Singoor (Mts.)
	<b>Full Levels</b>	<b>1790.00</b>	<b>1763.50</b>	<b>1651.75</b>	<b><u>523.60</u></b> <b>(1717.40 ft.)</b>
1	September 95	1767.60	1740.60	1648.88	518.30
2	September 96	1782.85	1750.14	1650.40	522.45
3	September 97	1779.80	1744.26	1647.60	519.25
4	September 98	1785.75	1753.54	1649.20	522.55
5	September 99	1782.45	1756.10	1647.10	521.61

## II. FINANCE:

During the year under view, the Board received Rs.28.10 crores as grants for capital projects and Rs.8.64 crores as revenue grants from Government of Andhra Pradesh. For the implementation of ongoing Mega city project, the surrounding municipalities have also contributed their share and the same was included under Government capital contribution. An amount of Rs.0.84 crore was transferred to Rehabilitation and Resettlement Project (part of the World Bank Project of the Board), being implemented through District Collector Medak GOAP.

The Board has generated an income of Rs.98.14 crores through heavy of water & sewerage cess. The Hyderabad Water Supply & Sewerage Improvement Scheme expected to be with the assistance of HUDCO is under progress and most of the works are be completed in the next two

years

Consequent to completion of the World Project during the year 1997-98, the interest on loans borrowed should be charged to Income & Expenditure Account. The interest burden is more than Rs.26 crores for the year 1998-99 and would continue to be a major revenue expenditure item for the Board. In the absence of tariff increases it would be difficult for the Board to bear such huge cash outflows on Loans borrowed from Govt. of A.P. In addition, the Board has to pay annual installments towards principal repayment of loan of Rs.230.02 crores. To improve the financial structure, the Boards has requested the Govt. of A.P.

i. to convert the interest accrued during the construction period (working out to Rs.63.84 crores) as capital contribution of the GOAP to the Board with effect from 1<sup>st</sup> April 1998.

ii. to convert the loans of Rs.230.02 crores as GOAP'S capital contribution to the HMWSSB with effect from 1-4-1998.

The GOAP, considered and, agreed to the proposals of the Board and vide G.O.Rt.No.268 M.A. Dt. 4<sup>th</sup> May 2000 for conversion of loan into capital grant. The GOAP also considered the conversion of interest accrued during the construction period as capital contribution of the Board. This help the Board to reduce recurring losses on account of interest and has also contributed to have better debt-equity ratio and improved net worth.

#### **I. OPERATIONS OF THE BOARD:**

The income from water & sewerage cess had increased to Rs.98.14 crores during the financial year 1998-99 as against Rs.94.38 crores in the previous year, showing a marginal increase of Rs.3.76 crores. There was no revision of Tariff in the year under review. New connection charges and other income amounted to Rs.12.45 crores during 1998-99 as against Rs.11.85 crores in the previous year.

The staff cost amounted to Rs.39.80 crores as against 34.37 crores in the previous year, on account of normal increases in pay and allowances as well as increase in Dearness Allowance. The increase in Power cost was nominal at Rs.0.41 crores, as 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 helped to keep the power cost at lower level. The O & M expenditure of Rs.19.40 crores was higher when compared with the

O & M expenditure of Rs.14.13 crores in the previous years. This necessitated the Board had to take up the preventive maintenance works for the old systems mainly consisting water supply systems at Osman Sagar, Himayat Sagar and Manjira Phase I, II & III.

The operations have resulted in a surplus of Rs.7.01 crores for the year 1998-99, before considering depreciation and interest charges. After considering interest and depreciation charges, the net result of operations for the year 1998-99 was a deficit of Rs.6.02 crores as compared to a net surplus of Rs.5.72 crores for the previous year.

#### **IV. Hyderabad Water Supply and Sanitation Project (World Bank Aided Project):**

Hyderabad Water Supply and Sanitation Project at an Original Project cost of Rs.257.06 crores started in October 1990 with World Bank Loan. The project implementation period was 8 years. The project was completed at a cost of Rs.319.26 crores by 31<sup>st</sup> March'98. Significantly, the Board has not sought any extension time. The World Bank rated the Project as "highly satisfactory".

Achievements due to the implementation of the World Bank Project.

- i. Digitized water supply and sewerage maps developed for the water supply and sewerage systems in the MCH limits and scope for water audit drawn up by installing bulk flow meters.
  - i. Unaccounted for water management tackled in 10% of the area and the water leakages reduced from 34% to 32%. This helped the Board to increase the revenue by Rs.3.00 crores per annum.
  - ii. Under water supply activity, 8 Reservoirs with a total of 101.50 ML capacity were taken up and completed by increasing the existing clear water storage capacity by 20%. Trunk feeder mains to a length of 49.50 Kms were laid, adding 20% additional lines to the existing trunk mains. More regulated regime is now possible ridding uncertainties to the customers.
    - iv. Under sewerage activity, abatement of pollution of Hussainsagar Lake by diverting the effluents away from the lake at a cost of Rs.39.0 crores was taken up and completed. One Sewage treatment plant of 20 MLD capacity was constructed in the reclaimed area of Hussaisagar Lake and dedicated to the people on 28<sup>th</sup> May 1998 by the Hon'ble Chief Minister, Andhra Pradesh. The Sewage treatment plant is of extended aeration process constructed at a cost of Rs.6.00 crores (by this the capacity of the existing Sewage treatment plants increased by 18%). Major trunk sewers to a length of 15 Kms laid.
    - v. Under Low Cost Sanitation Programme, 20,177 No. of twin pit pour flush toilets completed. Essentially a safety net programme for the poor living in unsewered areas.

**V. 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.

**VI. Training:**

The construction of Metro Staff Training College was completed at Hydernagar with modern facilities for imparting training to the employees. During the year 1998-99, the training was imparted to the staff and its premises as well as of other locations.

**VII. Customer Care:**

For the convenience of the customers, the thrust on computerization is extended

to most areas of the Board. A record number of 46 new computerized cash counters were started during the year, making a total of 77 computerized cash counters as on 31st March 1999. With the new Revenue Billing System, it is possible for the Board to properly monitor the dues and facilitate the customers with on line posting into their ledger accounts.

**VIII. Employee Relations:**

During the year under review, the relations with the employees continued to be cordial. Participation of large number of employees in events like medical camps, cultural programmes on Board's formation day are a few to mention.

**IX. Auditors:**

The Government of Andhra Pradesh had appointed the Principal Accountant General, Andhra Pradesh as auditors of the Board initially for a period of 5- years with effect from the financial year 1990-91. The appointment was extended by another 5- years with effect from 1995-96. Accordingly, the Principal Accountant General conducted the audit during the months of November, December 1999 and again in the month of May 2000. Like in previous years, there were no comments.

**X. ACKNOWLEDGEMENTS:**

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

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

Date: 10-08-2000.



**HMWS&SB**  
**AUDITED ACCOUNTS**  
**FOR THE YEAR**  
**1998-99**

**AND**  
**FINANCIAL HIGHLIGHTS**

**Income & Expenditure Account for the year ended 31st March 1999**

**Balance Sheet as at 31st March 1999**

**HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD**

**Khairatabad, Hyderabad.**

**SCHEDULES FORMING PART OF ACCOUNTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 1999 (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 1<sup>st</sup> November 1989 to the extent identified and/or ascertained were taken into account by assigning an estimated value and wherever book values are available the same are adopted.
- B. The lands acquired prior to the formation of the Board were identified and taken into account during the current year. 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 account at the earliest.
- 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. Additions to lands as shown in the fixed assets represent the payments made for lands acquired by the department 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.
  - 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 year the Board has 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. The water cess of Rs.94, 38,24,046 shown for the previous year 1997-98 includes sewerage cess also. From the current year onwards (1998-99) the water cess and sewerage cess are separately exhibited.
  6. Vide G.O.Rt.No.268 M.A., Dt.04.05.2000; Government of Andhra Pradesh has converted the loan of Rs.231.22 crores together with the accumulated interest of Rs.63.84 crores into Capital Contribution with retrospective effect from 01.04.1998.
  7. Figures for the previous year are regrouped wherever necessary.

**On behalf of the Board**

HYDERABAD

**25.07.2000**

**(G.Nageswara Rao)**

**Director (Finance)**

**(L.V.Subrahmanyam)**

**Managing Director**