

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ARGENTINA**

**PREFABRICATED HOUSING PLANT**

**(AR-0091)**

**LOAN PROPOSAL**

**AGOSTO, 1965**

ARGENTINA. LOAN TO VIALSA, S.A.

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ANNEX I: Financial Report

LOAN TO VIALSA, S.A. FOR THE COMPLETION OF THE  
INDUSTRIAL PLANT AND INITIATION OF PRODUCTION

SUMMARY 1/

1. The Borrower: Vialsa, S.A., an Argentine company organized in 1960, under Decree No. 13197 of October 28, 1960. On December 15, 1961, the IDB entered into a contract to lend US\$2,200,000 to this company (Loan No. 36/OC-AR).
2. Amount of the Loan: Up to US\$800,000.
3. Source of Funds: The ordinary capital resources of the Bank.
4. Guarantee: Mortgage and chattel mortgage on all the assets of Vialsa.
5. The Project: (a) Completion of the installation and equipment of a factory producing prefabricated elements, and (b) initiation of construction of prefabricated buildings.
6. Term, Interest and Disbursement Period: The loan would be amortized in a term of 9 years from the date of the contract by means of 14 semiannual installments, the first of which would be payable on June 15, 1967. Interest would accrue at the rate of 6% per annum; the commitment fee would be 1% per annum. The loan would be disbursed within a period of two years.
7. Cost of the Project and Financing: US\$1,360,000 to be allocated to:

	<u>Local costs</u>	<u>Foreign currency costs (in US\$)</u>	<u>Totals</u>
Organization	7,000		7,000
Construction	20,000		20,000
Increased cost of machinery		200,000	200,000
Additional machinery		250,000	250,000
Amortization of first IDB loan		220,000	220,000
Financial charges <u>2/</u>		90,000	90,000
Working capital	493,000		493,000
Contingencies	40,000	10,000	50,000
IDB supervision		30,000	30,000
	<hr/>	<hr/>	<hr/>
TOTAL:	560,000	800,000	1,360,000
	<hr/>	<hr/>	<hr/>

1/ Rate of exchange: 150 Argentine pesos = US\$1.00.

2/ Interest on the first and second loans due December 15, 1965.

To be financed as follows:

	<u>Local costs</u>	<u>Foreign currency costs</u> (in US\$)	<u>Totals</u>	<u>%</u>
Vialsa	260,000		260,000	19
IDB		800,000	800,000	59
Local loans	300,000		300,000	22
TOTAL	US\$ 560,000	800,000	1,360,000	100

8. Justification: This project would help strengthen the capacity of the housing construction industry in the Argentine Republic which has a serious housing problem.

The loan will expedite completion of minor details in the installations which will make the plant operational within a short time.

With the acquisition of additional machinery, particularly transportation equipment, the operation of the enterprise will acquire greater autonomy. Further delays in the start of operations would make it necessary to modify again the dates and possibly the amount of repayment of the first loan. Such a procedure, in the opinion of the Legal Department, would seriously affect the validity of the collateral guarantees, for which purpose the sum of US\$220,000 has been allocated from the resources of this loan, to meet payment of the amortization installments for June and December of the current year.

Allocating US\$90,000 of the loan to pay interest falling due on both loans in December of this year will permit the debtor to meet other important expenses of the company from its own resources.

As a result of its participation in various public bids, Vialsa has been awarded two groups of housing units within the National Mortgage Bank/Inter-American Development Bank Program (Loan No. 47/TF-AR) and a third from another program of the same bank.

The aforesaid contracts make it possible to commence operations during the current year; it is to be continued subsequently with an increase in work program until it achieves the maximum installed capacity at which time the company will have no difficulty in meeting its loan obligations and could even distribute profits.

In conclusion, the second loan not only would permit Vialsa's operations to begin but would also avoid the possible collapse of the company.

On the basis of studies by the Project Committee, the Operations Department submits this loan document to the President of the Bank for consideration and subsequent presentation to the Board of Executive Directors.

## ANALYSIS OF THE PROJECT 1/

### I. INTRODUCTION

#### The Application

- 1.01 On April 14, 1965, Vialsa, S.A., confirming previous negotiations, applied for a second loan to supplement the US\$2.2 million loan granted by the IDB in December 1961, 2/ which is almost entirely utilized at present.

#### Background

- 1.02 The first loan financed the importation and installation of machinery and industrial equipment and, in part, the construction of buildings.
- 1.03 As of June 9, 1965, disbursements amounted to US\$2,196,243.03. The cost of the imported machinery exceeded the original allocation by US\$266,000, which, with the knowledge of the IDB, was paid by the shareholders out of the resources intended for working capital.
- 1.04 According to the loan contract, the debtor agreed to contribute 182,000,000 pesos equivalent to US\$2,200,000, 3/ to the project. As of December 31, 1964, Vialsa's contribution amounted to US\$266,000 plus 185,270,000 pesos.
- 1.05 During the period of the project's execution a number of circumstances caused considerable delays in execution of the work program which was also affected by a temporary suspension of disbursements. At present, the plant is not operating, nor has it been able to begin production.
- 1.06 The lack of income from production, the protracted execution period and the increased cost of machinery have caused difficulties for Vialsa in making timely payment of the last installment of interest on the loan (due December 15, 1964), which was finally paid during the first months of this year in several part payments.
- 1.07 On June 12 and December 10, 1964, in the light of the foregoing circumstances, the IDB approved Resolutions DE-54/64 and DE-122/64, deferring payment of the first installment of principal (US\$110,000) to December 14, 1964, and subsequently to June 14, 1965, and extending the disbursement period to the same dates.

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1/ Rate of exchange: 150 Argentine pesos = US\$1.

2/ For a 12-year term including a 2-year grace period, and interest of 5.75% per annum.

3/ The rate of exchange for the original contract was 83 Argentine pesos = US\$1.

## II. THE BORROWER

- 2.01 Vialsa is a private stock company, established in accordance with Argentine law by Decree No. 13197 of October 28, 1960 (see Document DED/61/124 of December 7, 1961), which was formed to establish in Argentina the industrial system of housing prefabrication patented by the French firm "Construcciones Edmond Coignet S.A."
- 2.02 As of December 31, 1964, the subscribed capital was 210,000,000 Argentine pesos (including 15,000,000 pesos of "management shares"). The paid-in capital on the same date amounted to 195,000,000 Argentine pesos, in addition to which the shareholders had advanced 8,950,000 pesos up to December 1964 and an additional 5,240,000 pesos in January 1965.

### Organization and Administration

- 2.03 Administration of the company is vested in its President, Dr. Victor Madanes, who is also an Executive Director.
- 2.04 During 1963, disagreements arose between groups of shareholders which concluded with the withdrawal of several. This situation has now been overcome, and changes have been made both in the shareholders and in the regular and alternate directors.
- 2.05 Members of the Board of Directors

GROUP I	Regular Directors	Mrs. Elida Betty Federovsky Dr. Juan Armando Beglietto Rivara
	Alternate Director	Mr. Jaime Kronhaus
GROUP II	Regular Directors	Mr. Alberto Arnoldo Sojit (Vice President)
	Alternate Director	Mr. Claudio Alejandro Madanes Mr. Isidoro Eduardo Sojit
GROUP III	Regular Directors	Dr. Miguel Bruschtein Mr. Patricio T. Benito
	Alternate Director	Mr. Pedro Berenstein
GROUP IV	Regular Directors	Dr. Victor Madanes (President)
	Alternate Director	Mr. Alfredo Giménez Zapiola Mr. Mario Pablo Fuks
GROUP V	Regular Directors	Mr. Antonio Salita Mr. Alberto José Armando
	Alternate Director	Mr. Edouard Fougea
SINDICOS	Regular Sindico	Dr. León Guillermo Dávila
	Alternate Sindico	Dr. Mauricio Grinberg

- 2.06 The number of workers was limited to that required for the assembly and installation of the plant. The administrative aspects, records of acquisition, importations, local purchases, service contracts and, in general, relations with the IDB were effectively handled by a minimum staff.
- 2.07 The organization and accounting systems for this stage are considered good. The financial statements submitted up to December 31, 1964, and the semiannual reports have been analyzed by the Bank, which considers them satisfactory.
- 2.08 The company's organization in the production stage will be established by agreement with the "Coignet" technicians.

Financial Situation of the Company

- 2.09 The Financial Report (Annex I) shows the following comparison between the financial statements of March 31, 1964, and December 31, 1964.

	<u>3/31/64</u>	<u>12/31/64</u>	<u>12/31/64</u>	<u>Pro-forma</u> <u>12/31/65</u>
	(Argentine pesos)		(US\$)	
	(In thousands)			
ASSETS				
Cash and in banks	19,052	4,372	37	100
Advances to suppliers	69,025	8,229	69	-
Other debtors	1,453	67	1	570
Inventory	-	-	-	750
Fixed assets (net)	286,932	493,363	3,750	4,211
Operating license	1,530	3,004	25	25
Organization costs	6,113	17,157	142	169
Others	160	-	-	-
	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>
TOTAL ASSETS	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>
LIABILITIES				
Short-term accounts payable	14,912	14,671	122	960
IDB loan	197,302	303,381	2,159	2,790
Shareholders' advances	-	8,950	75	75
Long-term social laws	3,429	4,190	35	76
Paid-in capital	168,622	195,000	1,633	1,924
	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>
TOTAL LIABILITIES	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>



- 2.10 In order to convert the Financial Statement of December 31, 1964 to dollar equivalents, the average rate of exchange for each financial reporting period was applied to the total shareholders' contributions during the same period, as follows:

<u>Period</u>	<u>Average rate of exchange</u>	<u>Increase in paid-in capital</u>	<u>Equivalence (in thousands)</u>
Up to March 31, 1962	83	M\$N 36,000,000	US\$ 433
April 1, 1962 - March 31, 1963	121	45,000,000	371
April 1, 1963 - March 31, 1964	136	87,622,000	644
April 1, 1964 - Dec. 31, 1964	142	26,378,000	185
		<u>M\$N 195,000,000</u>	<u>US\$1,633</u>

- 2.11 These financial statements, as expected, show a similar situation at every stage of organization, with the bulk of the assets consisting of fixed assets and organization costs.

#### Execution of the First Loan

- 2.12 The resources of the first loan were allocated for machinery, equipment, assembly and the construction of buildings for an industry intended to manufacture a full range of reinforced concrete elements necessary for several story housing units, to transport these elements to the work site, and to assemble them. The final steps would be the adjustment of installations and fixtures, painting, finishing of special surfaces and placement of doors and windows.
- 2.13 The industrial installation consists primarily of equipment for grading raw materials (sand and gravel); measuring ingredients; mixture and setting in an atmosphere of hot steam; preparing reinforced concrete construction elements containing electrical, water, and drainage installations, as well as sheathing and frames for doors and windows; and systems for transportation of materials and semicompleted and completed elements. The factory is in an extensive covered area.
- 2.14 The transportation of prefabricated elements, from plant to worksite is performed by equipment such as small cranes, semitrailers and tractor trucks.
- 2.15 Finally, the assembly or installation of the prefabricated elements and the work of finishing the edifice are carried out on the site, which requires the preliminary preparation through excavations, pouring of foundations, and the installation of machinery and other facilities necessary for assembly or installation.

Physical Progress

- 2.16 According to the loan contract, the works were to have been executed in 18 months; for the reasons set forth above, however, heretofore all of the installations have not been fully completed. Up to March 3, 1965, according to the report of the IDB Resident Engineer in Buenos Aires, "the industrial work was virtually completed; all the factory equipment had been tested and put in operation and all that remain to complete the entire installation are the gas reducing plant, which is not indispensable since it has been operating with fuel oil, and the pneumatic mail tube generators; both were in the customs in Buenos Aires awaiting processing in the Central Bank before they could be withdrawn. The civil work requires certain details of completion which should not affect the immediate operation of the factory".
- 2.17 The reports and inspections concur in that the works have been executed in a technically satisfactory fashion, in accordance with the "Coignet" plan, and even introducing (with IDB consent) technological advances used in similar factories in France, which will allow reductions in the working staff, decongestion of the structural elements, greater ease in the removal of molds, etc. (opinion of architect Luis Bach, assistant to the IDB Resident Engineer and an authority on prefabrication systems).

Increased Costs

- 2.18 The resources of the first loan allocated for machinery and equipment, proved inadequate for the following reasons:
- i. Variations in prices in the list of goods and services which had been prepared in 1961.
  - ii. The desirability of introducing technical improvements in the machinery; this was studied and approved by the IDB.
  - iii. Higher costs (banking, consular, insurance, etc.) for importation of machinery.
- 2.19 The breakdown of the increased cost is as follows:

Machinery arrived in Argentina		US\$2,180,769.91
Machinery shipped and ready to be shipped		78,182.25
Banking and other costs		7,278.07
IDB loan for machinery	US\$2,000,000.00	
Increased costs borne by VIALSA	266,257.23	
	<u>US\$2,266,257.23</u>	<u>US\$2,266,257.23</u>

- 2.20 The cost of the project in local currency was also higher than anticipated owing to increases in the prices of materials and labor as well as service of interest on the loan when the plant was not yet in operation.

### III. THE PROJECT

- 3.01 The project is defined as the completion of the equipment and installation and inception of the industry's operation, which will be carried out in accordance with the original plan following introduction of the reforms accepted by the Bank.

#### Financial Aspects

- 3.02 The resources of the first loan are virtually exhausted. Vialsa has used its own funds, intended for working capital, to pay the increased cost of machinery. In order to commence operations on a regular basis, the company needs to complete certain details of the installation, to acquire additional equipment for transportation and work, to acquire working capital and to secure resources for timely repayment of interest on the loan. These needs are summarized in the following table.

	Original budget		Investment made (to 12/31/64)		Additional investment		Total i
	US\$ (thousands)	pesos (thousands)	US\$ (thousands)	pesos (thousands)	US\$ (thousands)	pesos (thousands)	US\$ (thousands)
Organization costs		16,000		20,498		1,000	
and		11,000		12,603			
Buildings	100	73,700	100	102,560		3,000	100
Machinery and equipment	2,000		2,266				2,266
Installation	100		100	15,915			100
Additional machinery					250		250
Amortization of first IDB loan					220		220
Financial charges		24,600		15,494	90		190
Working capital		54,000		2,500		22,500 <sup>2/</sup>	
Contingencies		15,700		15,700 <sup>1/</sup>	10	6,000	10
Supervision					30		30
	<u>2,200</u>	<u>195,000</u>	<u>2,466</u>	<u>185,270</u>	<u>600</u>	<u>32,500</u>	<u>3,066</u>

<sup>1/</sup> Utilized for increased installation costs.  
<sup>2/</sup> Additional to balances of the budgeted amounts which are considered available.

### Financial Plan

- 3.03 The total cost of the project is estimated at US\$1,370,000, 1/ which will be distributed as follows:

	<u>Foreign currency</u> (in US\$)	<u>Local currency</u>
Organization costs		7,000
Buildings		20,000
Partial reimbursement of increased machinery cost	200,000 <u>1/</u>	
Additional machinery	250,000	
Amortization of first IDB loan	220,000	
Financial charges <u>3/</u>	90,000	
Working capital		493,000 <u>2/</u>
Contingencies	10,000	40,000
IDB supervision	30,000	
<b>TOTAL</b>	<u>800,000</u>	<u>560,000</u>

By resorting to the following financing:

	<u>Local costs</u>	<u>Foreign currency costs</u> (in thousand of US\$)	<u>Total costs</u>	<u>%</u>
Vialsa	260		260	19
IDB		800	800	59
Local loans	300		300	22
<b>TOTAL</b>	<u>560</u>	<u>800</u>	<u>1,360</u>	<u>100</u>

1/ Reimbursement will enable Vialsa to release its own resources, already utilized, for use as operating capital.

2/ The Industrial Bank originally offered to lend 45,000,000 Argentine pesos (equivalent to US\$300,000). If such loan is not obtained, a similar amount must be contributed by Vialsa.

3/ Interest on the first and second loans, due December 15, 1965.

Taking the first loan into account, the composition of the financing is as follows:

	<u>Local costs</u>	<u>Foreign currency costs</u> (in US\$)	<u>Total costs</u>	<u>%</u>
Vialsa	1,797,000 <sup>1/</sup>	96,000	1,893,000	38
IDB	-	2,770,000	2,770,000	56
Local loans	300,000	-	300,000	6
<b>TOTAL</b>	<u>2,097,000</u>	<u>2,866,000</u>	<u>4,963,000</u>	<u>100</u>

1/ Different rates of exchange have been used, depending on the dates of the contributions.

#### Supervision of the Works

- 3.04 Conclusion of the works will be supervised, with regard both to acquisitions and utilization of the resources, by a person to be appointed by the IDB and to serve, together with the management, until such time as the industry begins industrial production on a commercial scale.

#### Acquisition and Utilization of Funds

- 3.05 A detailed list of goods and services for the new acquisitions (US\$250,000) will be prepared. Its presentation to and approval by the IDB will constitute a condition precedent to the first disbursement.
- 3.06 The funds intended to pay IDB interest (US\$90,000) will be transferred internally by the Bank on the due date for the first and second loans (December 15, 1965).
- 3.07 The funds reimbursed to Vialsa (US\$200,000) will be available for operating costs.
- 3.08 The funds intended for payment of amortization (US\$220,000) will be transferred directly by the IDB within the respective accounts, in order to pay installments of amortization of the first loan due June 15 and December 15, 1965.
- 3.09 In addition to the US\$10,000 for contingencies, US\$30,000 will be available for expenses of supervision of the project.

#### IV. JUSTIFICATION OF THE PROJECT

##### Technical Feasibility

- 4.01 The application for the second loan has been analyzed and studied by Bank technicians who also sought to limit the new acquisitions to elements absolutely essential for the plant's efficient, independent and profitable operation.

Following is the full list of the additional machinery to be purchased:

3	semitrailers with hoppers for cement	US\$ 39,000
10	tractors for semitrailers transportation	158,000
1	mobile excavator	36,000
	lesser equipment - power generator and concrete mixer	17,000
TOTAL		<u>US\$250,000</u>

- 4.02 There are no objections to the quality of the machinery installed or its design and assembly, or with regard to construction of the buildings and manufacturing program. The system has already been tested in France and other countries and the manufacturers are assisting technically in the assembly process and will do so in the production process. Furthermore, Argentine personnel who participated in the assemblage were trained in France and the Netherlands.
- 4.03 The changes which the borrower introduced in the list of goods and services of the first loan after notifying the Bank were, in the opinion of IDB technicians, advisable and beneficial to the company.
- 4.04 No difficulty is anticipated in contracting personnel to work in the factory or in the construction operations. The former can be trained in a very short period by experts in the "Coignet" system. The latter are available locally in sufficient numbers.
- 4.05 The basic materials for prefabrication (sand, gravel and cement) are readily available, and other construction materials are obtainable without difficulty on the local market.

##### Economic and Financial Possibilities

- 4.06 The importance of the entry of this industry into operation is all the more apparent in view of the housing shortage in Argentina (estimated in December 1963 at 1,350,000 units) and in light of the need for replacing present housing.

- 4.07 The shortage in the area of metropolitan Buenos Aires amounts to more than 20% of the national total. Vialsa is located in this area and could supply part of the capital and vicinity.
- 4.08 Although there has been a marked drop in the rate of investment in housing, as a result of economic stagnation, efforts are being made to solve the housing problem through the National Mortgage Bank and the Office of the Superintendent of Savings and Loans, as the principal national institutions, as well as several existing provincial organizations. These efforts have resulted in the availability of resources from loans from such financing agencies as the IDB and AID, and the mobilization of domestic savings through savings and loan banks and specialized financing companies.
- 4.09 In short, the annual need for housing units is greater than the present capacity of the construction companies. This situation could be remedied through the use of prefabrication methods or systems which shorten the construction period. Furthermore, the high cost of land for building and the desirability of reducing distances between housing and places of employment lead to the construction of mono-blocks or multifamily buildings. The Vialsa system calls for both prefabrication and mono-block construction.
- 4.10 The cost of construction is of great importance and, although in some countries lower costs have been obtained with prefabrication than those attained through conventional construction methods, in the particular case of Vialsa it must be admitted that the introduction of this system will meet with difficulties and resistance owing to unfamiliarity with it and the preference, without prior analysis of the potential buyer, for the conventional construction, prices and/or financing conditions being equal. It is thus necessary to reach the market, at the outset, with markedly lower sale prices than those of the current systems. By combining both advantages, those of price and term for delivery, the system can acquire prestige and win an adequate market.
- 4.11 In any case, production should be programmed to concentrate on obtaining enough contracts with housing financing institutions to cover the minimum number of units necessary to reach the break-even point, and then, if further contracts are not available, to seek sales in connection with mortgage financing organizations already established in the housing field.
- 4.12 Available data suggest the following production plan:

<u>Year</u>	<u>Construction in m<sup>2</sup></u>	<u>Number of units</u>
1965	30,000	450
1966	50,000	750
1967	100,000	1,500



The factory production capacity, working one shift, is 50,000 m<sup>2</sup> per year, and with two shifts, 100,000 m<sup>2</sup> per year.

- 4.13 Vialsa obtained, through public bidding, the pre-award of three contracts from the Mortgage Bank. These amount to approximately 33,000 m<sup>2</sup> at a cost of 359,838,090 Argentine pesos (10,800 pesos per m<sup>2</sup> constructed) a sum which is legally readjustable in the event of variations in prices of materials labor, etc. These first three contracts would mean a 1965 production of 60% of the capacity with one work shift. There are possibilities (information from Vialsa) for bidding in the near future on approximately 32,700 m<sup>2</sup> of construction.
- 4.14 If a comparison is made of the full-capacity production of 1,500 houses per annum, with the construction needs in Argentina, it follows that Vialsa could cover only 0.9% of the annual housing needs and 4.5% of the needs of metropolitan Buenos Aires. This means that the establishment and acceptance of the system depends largely on the cost of construction and the availability of funds in the institutions bidding on such construction, and, ultimately on the operating capital available to take care of its own construction plans.
- 4.15 On the basis of the abovementioned production plan, on an analysis of manufacturing and construction costs updated to May 1965, and with the possibility of operating only under contracts, the financial prospect for 1965-1966-1967 (Annex I) would seem to indicate that:
- i. With the utilization of this second loan of US\$800,000 and by following the abovenoted production program, the company could show profits as early as the second year of operations.
  - ii. The amortization schedule for both loans would be compatible with the expected cash on hand or in banks.
  - iii. The accumulated balance which appears in the forecast for 1965 would make it possible to meet contingency expenses and/or the payment of principal and interest on the loans to be obtained for working capital.
  - iv. As soon as maximum capacity of the plant is obtained, profits would permit the distribution of dividends.
- 4.16 The economic and financial possibilities noted above can be realized only if the resources are used methodically and if administrative expenses are reduced to a minimum, the essential suppliers' credits are obtained, and the costs of manufacture, assembly and construction are controlled and contracts procured to cover at least the break-even point, and if, in addition, the market for housing sales is developed through financing agencies.
- 4.17 Although these tasks could be performed by the borrower without additional cooperation, it would be advisable to have a person designated

by the Bank supervise the utilization of the resources and compliance with the conditions of the new loan with maximum authority on the level of the Manager or Executive Office of the borrower. This representative would be paid with funds from the loan funds, out of which a sum of up to US\$30,000 will be earmarked for this purpose. The Bank's representative would be a professional specialized in business administration and with wide experience in the field.

Relationship of the Project to National Development

- 4.18 This point was dealt with in the first loan document (DED/61/124).

Economic Situation of the Country

- 4.19 We refer to the content of the loan document for the Banco Industrial de Argentina (No. PR-30), which contains the most recent information on this topic.

## V. CONCLUSIONS AND RECOMMENDATIONS

- 5.01 The project is considered satisfactory from a technical, economic, financial and legal standpoint for the granting of a second loan, in the amount of US\$800,000 from the ordinary capital resources of the Bank, subject to the conditions established in the corresponding proposed resolution.
- 5.02 The loan contract should also include the following conditions:
- (a) The debtor shall agree that prior to any disbursement, except to cover the payment of principal, interest and supervision, it will establish arrangements, satisfactory to the Bank, to provide the required amount for working capital, obtaining it from local loans, suppliers' credits, and/or contributions of the shareholders, such amount being estimated at US\$560,000 or its equivalent in Argentine pesos.
  - (b) Any medium- or long-term borrowing shall be on conditions compatible with the financial projection of the debtor and shall, in every case, be subject to prior approval by the Bank.
  - (c) From the resources of the loan, approximately the equivalent of US\$310,000 may be used to meet the payments of amortization and interest of the Loan No. 36/OC-AR.
  - (d) To cover the expenses of supervision the Bank may utilize up to the equivalent of US\$30,000 from the resources of the loan.
  - (e) Prior to the first disbursement which is not destined for payment of obligations and supervision expenses, the debtor shall demonstrate at the satisfaction of the Bank that in relation with the payment of income and sales taxes the debtor enjoys, in accordance with the laws of Argentina a treatment appropriate for the development of its industrial activities.

DOCUMENTO DEL BANCO INTERAMERICANO DE DESARROLLO  
PARA USO OFICIAL SOLAMENTE

ANALISIS FINANCIERO

Proyecto: Ampliación de préstamo a VIALSA S. A.  
Argentina

DIVISION DE ANALISIS DE PROYECTOS  
Sección de Análisis Financieros  
Junio 9, 1965

VIALSA - ARGENTINA

Con la información financiera presentada por la firma VIALSA - Argentina en relación con su solicitud de préstamo de ampliación se prepararon los cuadros 1 y 2, con el objeto de presentar su situación financiera más reciente y evaluar el pronóstico de resultados que se espera obtener durante los próximos tres años.

Situación Financiera al 31/12/64

En el cuadro 1, se presenta el Balance General al 31/12/64 que fue preparado con base en un balance de comprobación. Este se compara con el Balance General al 31/3/64 que fue certificado y comentado por una firma de auditores aceptados por el Banco. Además se presenta en el citado cuadro el balance general al 31/12/64 convertido a US\$ y el balance proforma al 31/12/65.

Los balances al 31/12/64 como es de esperarse reflejan que la Compañía estaba en una etapa de organización y la mayor parte de sus activos correspondían a activos fijos y gastos relacionados con la organización de la Empresa.

Sin embargo, en el pasivo se observa que los recursos para sus inversiones en mayor grado provenían de préstamos, a pesar de que en el proyecto original (ver addendum del documento de préstamo del 12/7/61) se contemplaba que el capital propio guardaría una relación más cerca a los préstamos a largo plazo que contraería la Empresa. La relación deuda total a capital pagado según los balances comentados es de 1.7:1 para el balance presentado en pesos y de 1.5:1 para el balance presentado en dólares americanos, relaciones estas que se pueden considerar aceptables.

Según el addendum mencionado anteriormente el capital pagado de Vialsa sería de 182.6 millones de pesos que al tipo de cambio de ese entonces de Ps. 83 por US\$1 daría una equivalencia de US\$2,200,000. Sin embargo, la estimación del capital aportado por Vialsa según el balance convertido a US\$ indica que a pesar de integrar el capital pagado en pesos argentinos de acuerdo al contrato de préstamo, la equivalencia en dólares ha sido menor, debido principalmente al efecto del aumento de los costos internos del país registrados desde la fecha del otorgamiento del préstamo hasta la fecha del balance.

Pronóstico de la Situación Financiera

El pronóstico se basa en el plan de producción siguiente:

	<u>Edificación m<sup>2</sup></u>
1965	30,000
1966	50,000
1967	100,000

Al volumen de 30,000 y 50,000 M<sup>2</sup> de los primeros dos años anotados se supone con base en los saldos monetarios que a tales niveles no se generarían fondos suficientes para pagar dividendos y la Empresa estaría operando muy cerca del punto de equilibrio.

A un nivel de 100,000 M<sup>2</sup> se estima que la rentabilidad de la Empresa sería satisfactoria y habría mayor margen de seguridad.

#### Conclusiones y Recomendaciones

1. En vista de que el pronóstico no contempla el pago de impuestos a la renta de acuerdo a lo expresado por el solicitante, se considera recomendable obtener antes del primer desembolso una declaración de liberación por parte de la Dirección General de Impuestos.
2. Convendría estipular en el contrato de préstamo que el capital adicional que deberá aportar el solicitante de US\$260,000 será en pesos argentinos convertidos al cambio libre que rija en el día de su ingreso en caja de la Empresa. Por lo tanto se deberán llevar los registros adecuados. Por otra parte, también convendría tomar medidas para asegurar que el prestatario contará con los US\$300,000 que, según el pronóstico de caja, serían necesarios durante los primeros dos años.
3. Que cualquier anticipo que otorgue un accionista no devengará intereses y se mantendrá hasta tanto el solicitante haya asegurado que estará en condiciones de financiar como mínimo las ventas previstas y atender a las obligaciones de los próximos 12 meses.
4. Que el Banco que tendría un aporte mayor en las inversiones de la Empresa tenga el derecho de aprobar el pago de dividendos.
5. Que el Banco apruebe las remuneraciones y/o sueldos de los directores de la Empresa.
6. Que la firma de auditores sea aceptable al Banco.

VIALSA - ARGENTINA

ANEXO I  
Cuadro No.1

BALANCES GENERALES COMPARATIVOS

	<u>En miles de Pesos</u>		<u>En miles de Dólares</u>	
	<u>31/3/64</u>	<u>31/12/64</u>	<u>31/12/64</u>	<u>Pro-forma 31/12/65</u>
<u>A C T I V O</u>				
Caja y Bancos	19,052	4,372	37	100
Adelantos a Proveedores	69,025	8,229	69	-
Deudores Varios	1,453	67	1	570
Inventarios	-	-	-	750
Activo Fijo (neto)	286,932	493,363	3,750	4,211
Licencia de Explotación	1,530	3,004	25	25
Gastos de Organización	6,113	17,157	142	169
Otros	160	-	-	-
Total Activo:	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>

P A S I V O

Cuentas por Pagar a				
Corto Plazo	14,912	14,671	122	960
Préstamo BID	197,302	303,381	2,159	2,790
Anticipos Accionistas	-	8,950	75	75
Leyes Sociales Largo Plazo	3,429	4,190	35	76
Capital Pagado y Resultados	<u>168,622</u>	<u>195,000</u>	<u>1,633</u>	<u>1,924</u>
Total Pasivo:	<u>384,265</u>	<u>526,192</u>	<u>4,024</u>	<u>5,825</u>

1/ Para la conversión a US\$ del Balance General al 31/12/64 se aplicó el cambio promedio de cada ejercicio económico al total de los aportes de los accionistas durante el mismo período así:

<u>Período</u>	<u>Cambio Promedio (Ps. = 1 US\$)</u>	<u>En miles</u>	
		<u>Aumento Capital Pagado</u>	<u>Equivalencia US\$</u>
Hasta el 31/3/62	83	36,000	433
1/4/62 - 31/3/63	121	45,000	371
1/4/63 - 31/3/64	136	87,622	644
1/4/64 - 31/12/64	142	<u>26,378</u>	<u>185</u>
Total:		<u>195,000</u>	<u>1,633</u>

VIALSA - ARGENTINA

PRONOSTICO DE LA SITUACION FINANCIERA

(En miles de US\$)

<u>OPERACIONES</u>	<u>31/12/64</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Volumen de Ventas		<u>30,000m<sup>2</sup></u>	<u>50,000m<sup>2</sup></u>	<u>100,000m<sup>2</sup></u>
Ventas		2,294	3,824	7,647
Costos de Ventas		1,858	3,097	5,761
Intereses BID		132	119	104
Otros Intereses		45	39	33
Depreciación		228	228	228
Utilidad Neta antes Impuesto		31	341	1,521
Impuestos 30%		-	-	-
Utilidad Neta		<u>31</u>	<u>341</u>	<u>1,521</u>
<u>MOVIMIENTO DE EFECTIVO</u>				
<u>Entradas</u>				
Utilidad Neta		31	341	1,521
Depreciación		228	228	228
Préstamo BID	2,159	851	-	-
Préstamo Local		300		
Capital Pagado	1,633	260		
Otros Préstamos	110			
Total Entradas	<u>3,902</u>	<u>1,670</u>	<u>569</u>	<u>1,749</u>
<u>Salidas</u>				
<u>Costo del Proyecto:</u>				
Activo Fijo	3,750	620		
Gastos Organización	142	27		
Otros	25			
Capital de Trabajo		493		
Amortización Préstamo BID		220	398	398
Amortización Préstamo Local		300		
Amortización otros Préstamos		28	28	28
	<u>3,917</u>	<u>1,688</u>	<u>426</u>	<u>426</u>
Saldo Monetario del año	(15)	(18)	(143)	1,323
Saldo Monetario acumulado	(15)	(33)	110	1,433

Nota: Las conversiones del pronóstico se realizaron al tipo de cambio de Ps. 170 por 1 US\$.