

2019-20

ANNUAL REPORT

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ABOUT THIS REPORT

Section 19 (1) (C) of the LNDC Act 1967 and Section 43 of PFM Act of 2011 require the Corporation to submit a report on the status of its affairs at the end of every financial year. Following these statutory requirements, the LNDC presents the Annual Report for the financial year April 1, 2022, to March 31, 2023. The report highlights the Corporation's activities, achievements, and challenges for the period.

The report is divided into three main sections:

- Section 1** - Overview of the Corporation,
- Section 2** - Corporation's performance, and
- Section 3** - Corporation's financial performance.

WHO WE ARE

A parastatal body was established by the LNDC Act No. 20 of 1967. The Act was amended through the LNDC Act No. 13 of 1990 which became effective in June 1993, and further amended by LNDC (Amendment) Act No. 7 of 2000.

Factory shells

Financial assistance

Serviced industrial site

Aftercare services

Business support Services

Equity participation



WHY?

Mandated by LNDC ACT No 13 1990 section 4 subsection 1 to

The purpose of the Corporation is to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho."

THE VALUE WE HAVE CREATED



👍 FOR THE NATION

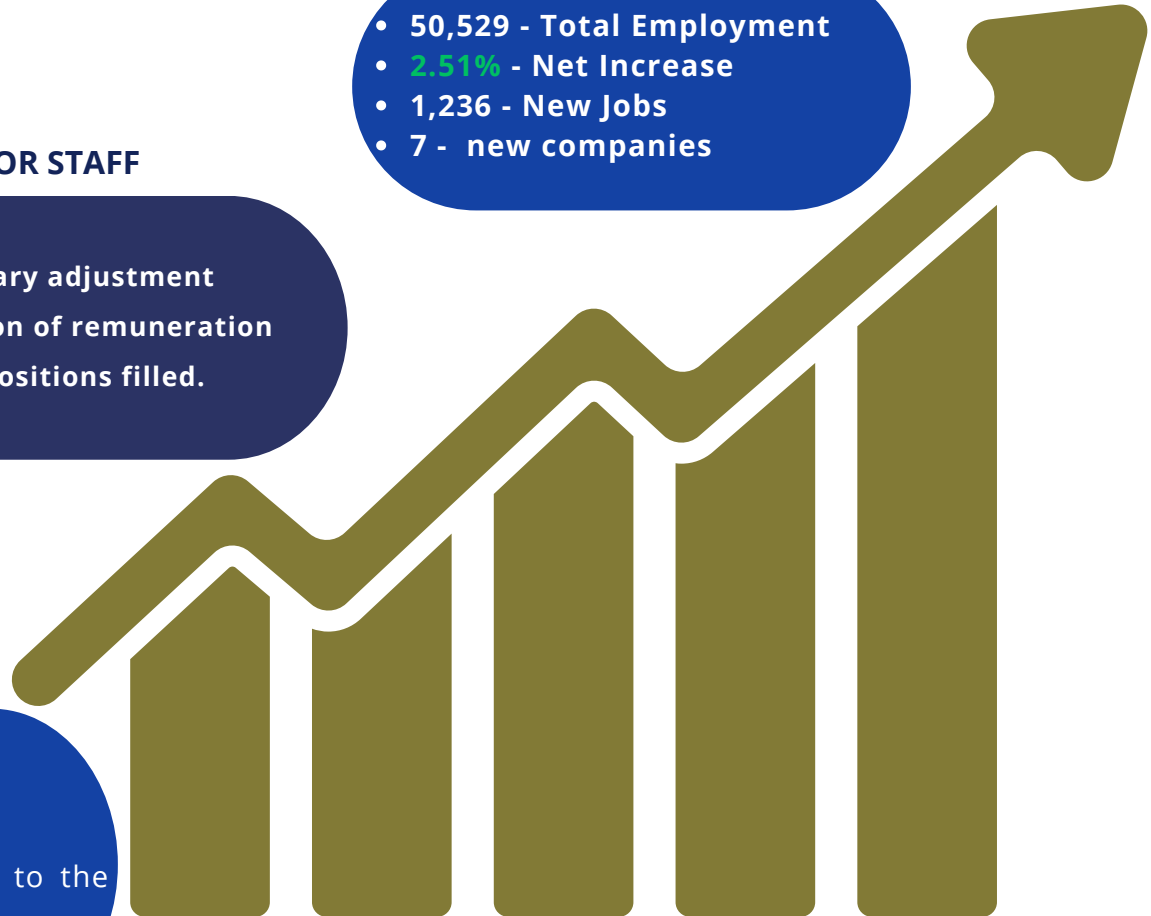
- 50,529 - Total Employment
- 2.51% - Net Increase
- 1,236 - New Jobs
- 7 - new companies

👍 FOR STAFF

- 6% inflationary adjustment
- Normalisation of remuneration
- 3 Strategic positions filled.

👍 FINANCIAL

- Revenue in 2020 was **M185.8m** up by just over **M5m** from the previous year
- Profits were down by **M16.7m** compared to the previous year
- Total Assets **M1.812 (+17.4%)**







OUR VISION

A catalyst for a diversified, globally competitive economy, underpinned by manufacturing and high-tech agro-processing industries.



OUR MISSION

We commit to deliver excellent and speedy services to our clientele as we partner to achieve inclusive and sustainable economic growth

1

BUILDING CUSTOMER-CENTRIC CULTURE

2

INSTITUTIONALISE SUSTAINABLE AND IMPACT INVESTING WITHIN THE CORPORATION

3

DIVERSIFY LESOTHO'S INDUSTRIAL OUTPUT AND MARKET DESTINATIONS

4

MOBILISE FUNDING FOR ECONOMIC DIVERSIFICATION

5

DEVELOP THE RIGHT TALENT TO DRIVE ECONOMIC DIVERSIFICATION

CORPORATE VALUES



Sense of urgency



Recognition of excellence



Teamwork and partnership



Integrity



Accountability

CORPORATE GOALS

STRATEGIC OBJECTIVES

1

- 1.1 Strategic Objective: Improve accessibility of the Corporation's products/services to investors/business community.
- 1.2 Strategic Objective: Improve the speed and quality of decision making (Service Delivery).
- 1.3 Strategic Objective: Improve the Corporation's and national image/brand to national and global stakeholders.

2

- 2.1 Strategic Objective: Adopt international integrated reporting standards.
- 2.2 Strategic Objective: Deepen social impact in LNDC's investments.
- 2.3 Strategic Objective: Enhance Corporation's financial sustainability.

3

- 3.1 Strategic Objective: Initiate, promote, and facilitate major investments in manufacturing and high-tech agro-processing and related supply chains.
- 3.2 Strategic Objective: Expand productive capacities of both domestic and foreign export-oriented firms.
- 3.3 Strategic Objective: Strengthen the market access for both domestic and foreign export-oriented firms.

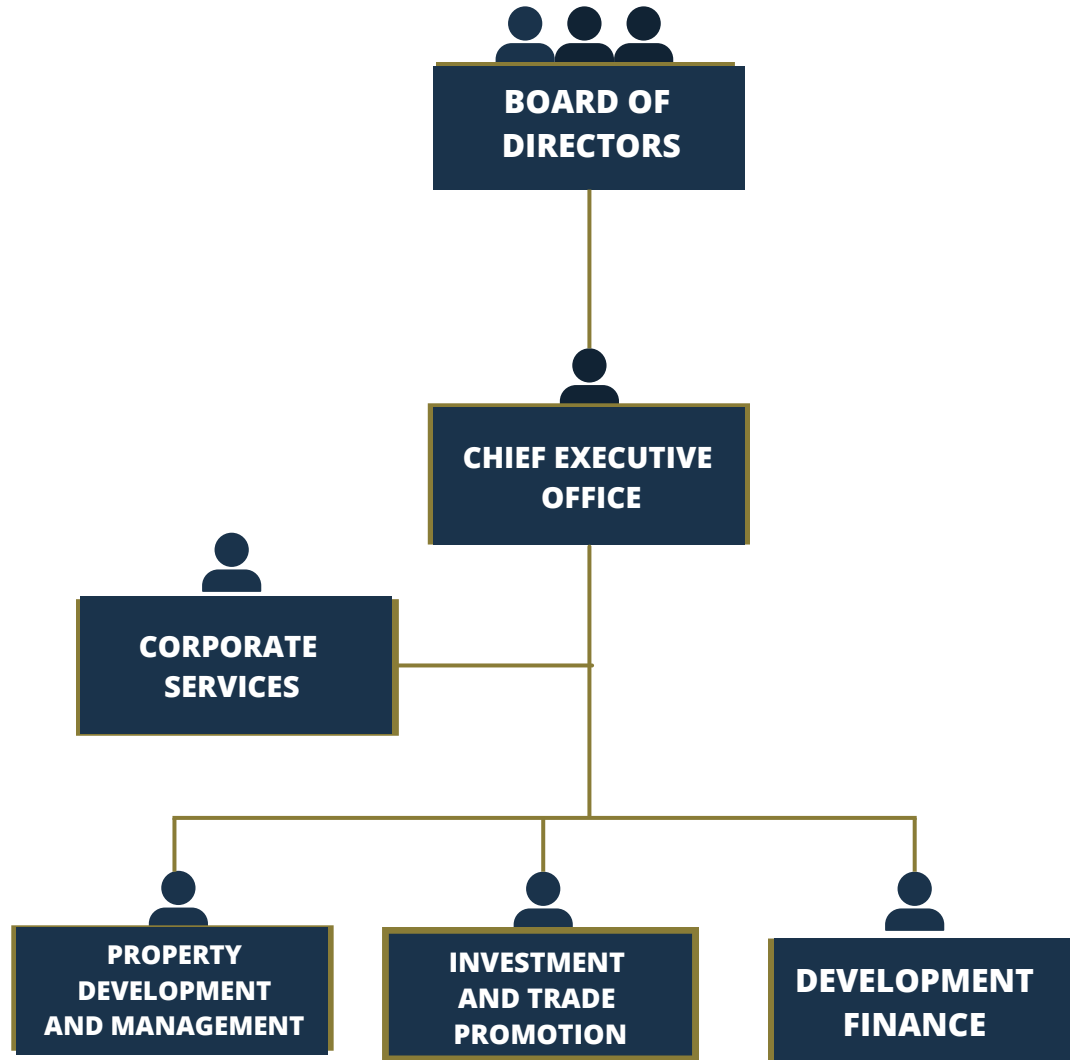
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- 4.1 Strategic Objective: Design and set up special financial facilities/instruments to facilitate economic diversification.
- 4.2 Strategic Objective: Expand financial assistance to organizations and innovative projects in furtherance of the Vision of the Corporation.

5

- 5.1 Strategic Objective: Develop the managerial and technical talent to facilitate the Corporation's diversification initiatives.

ORGANIZATIONAL STRUCTURE



STATEMENT BY THE CHAIRMAN



A Year of Progress and Adaptation

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year 2019/20. This report details our key achievements, acknowledges the challenges we faced, and expresses our gratitude for the support that has enabled us to reach our milestones.

Strategic Oversight and Financial Performance

The Board remained committed to providing strong strategic guidance to the LNDC, ensuring the Corporation's long-term sustainability.

The financial performance this year saw revenue reaching M185.8 million, with a profit reduction of M16.7 million compared to the previous year. However, total corporate assets grew significantly by 17.4% to M1.8 billion.

CONTACT US

STATEMENT BY THE CHAIRMAN

Supporting Businesses and Jobs

The LNDC continued to fulfil its mandate by facilitating M34.4 million worth of loans to 51 enterprises through the Partial Credit Guarantee (PCG) scheme. This vital programme unlocks investment opportunities for Basotho businesses and fuels economic growth.

In the manufacturing sector, the Corporation's support helped maintain a total of 50,529 jobs, with 7 new companies commencing operations and contributing to a net job increase of 2.5% compared to the previous year.

Investing in Our People and Processes

To ensure effective corporate governance, the Board appointed a Corporate Secretary. Additionally, we prioritised staff development with initiatives such as normalisation of remuneration, implementation of a Cost-to-Company framework, and training on Sustainability Reporting.

The Board also oversaw the validation of business unit structures and organograms, followed by the adoption of newly developed business processes and systems. These steps lay the groundwork for future automation and improved operational efficiency.

Adapting to New Risks

The emergence of the COVID-19 pandemic in December 2019 led the Board to add it as a key risk within our risk management framework.

Additionally, the Rental Policy was developed and approved to streamline rental collection and control procedures, ensuring a steady income stream for the Corporation.

A Word of Thanks

The Board acknowledges and applauds the tireless efforts of the LNDC Management team. We also extend our sincere gratitude to the Government and our development partners for their unwavering support, which has been instrumental in achieving the positive results outlined in this report.

This annual report provides a detailed account of our accomplishments in 2019/20. We remain committed to driving economic development in Lesotho and look forward to building upon this foundation in the years ahead.



.....
Mr. Thabo Moleko
Board Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT



Adapting and Advancing: Exploring New Opportunities in Unprecedented Times

The 2019/20 financial year presented unique challenges, marked by the global outbreak of COVID-19. Despite these unforeseen circumstances, the Lesotho National Development Corporation (LNDK) remained resolute in its commitment to driving economic growth in Lesotho.

Exploring Diverse Investment Prospects

Broadening Our Scope: We handled over 130 investment enquiries across various sectors, including agriculture, manufacturing, automotive, energy, cannabis, and construction.

Facilitating Site Visits: Over 10 site visits were conducted in emerging sectors like horticulture, pharmaceuticals, and tourism, fostering potential investment opportunities.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Unlocking Agricultural Potential

Harnessing Technology: We conducted three (3) feasibility studies in poultry, beef, and piggery sectors, aiming to leverage modern agricultural technologies to optimize Lesotho's natural advantages in weather and water resources.

Navigating the Impact of COVID-19

Market Research and Adaptation: A tomato paste market demand study highlighted international market potential. While local capacity for meeting international standards needs development, initial production can target regional and domestic markets.

Continued Monitoring: The ongoing impact of COVID-19 restrictions on business operations and the broader economic landscape is being closely monitored.

Identifying Future Frontiers

Emerging Sectors with Promise: We recognized the potential of pharmaceuticals and automotive industries, drawing upon Lesotho's rich biodiversity and established expertise in textiles and clothing.

Development Finance Solutions: The LNDC designed development finance instruments tailored to the unique needs of the Lesotho business landscape.

A Shared Commitment to Progress

The LNDC extends its sincere gratitude to the Board, staff, and partners for their unwavering support during these challenging times. As we navigate the uncertain path ahead, we remain committed to fostering a thriving investment climate and unlocking Lesotho's full economic potential.

This report provides a detailed account of these initiatives and our continued dedication to exploring new opportunities while adapting to a changing global environment.



.....
Mr. Molise Ramaili
Interim Chief Executive Officer

OUR PERFORMANCE



INVESTMENT AND TRADE PROMOTION

TRADE AND INVESTMENT ENQUIRIES AND LEADS

- Handled **33 domestic inquiries**, & **104 foreign inquiries**,
- Enquiries covered industries such as poultry, pork and beef production and processing, medical cannabis production, garment manufacturing, energy generation and solutions, and automotive components. Domestic enquiries comprised mainly of agriculture, cannabis and construction interests.



SITE VISITS

- 11** site visits done in these sectors horticulture, agriculture, pharmaceuticals, tourism, fresh produce market centre



9 TRADE AND INVESTMENT PROMOTION MISSIONS

- Agri-business Africa Conference-RSA
- SADC Industrialization Week - Tanzania
- TICAD Summit - Japan
- Best of Lesotho EXPO - Thailand
- Annual Investment Meeting - Dubai
- China - Africa Economic and Trade Expo- Chana
- The Source Africa Trade Show - South Africa
- Diaspora Outreach forum Johannesburg - RSA
- Diaspora Outreach Forum Bloemfontein - RSA

3 PROJECT PREPARATION & FEASIBILITY STUDIES

Feasibility studies for poultry, beef and piggery completed

2

Market Centre and Deciduous Fruits business plans completed

INVESTMENT PERFORMANCE

Over Jobs
+2.51%
1,236 new jobs

50K

Employees on short time

2695

Number of companies

7 new companies

No. Of closed.

5

87

DEVELOPMENT FINANCE

PARTIAL CREDIT GUARANTEE SCHEME PERFORMANCE



LSL 34.4m
Value of Loans supported



65
Guarantees approved



51
Enterprises supported



932
Jobs



28
Guarantees

PROPERTY DEVELOPMENT



To attract, expand, and maintain corporate investment, PDM continues to service the LNDC clients by providing factory shells, maintaining, expanding, and providing essential services to the new and current investor community.

MAJOR INVESTMENTS IN PROPERTY

Project Name	Budget Allocated (M)	Expenditure (M)
Tikoe Phase 3	2,332,358	30,243,086
Belo Industrial	176,107,912	354,456,625
Devcourt Refurbishment	3,000,000	14,825,478



Human Resource



Finance



Legal

CORPORATE SERVICES



Information Technology



Planning and Research



Risk Management



HUMAN RESOURCES



Organisational Realignment

- Consultant Engaged
- Deliverables
 - Recruitment for strategic personnel
 - Validation of Business Units functional structures & Organograms
 - Review and drafting of job profiles



Recruitments

- General Manager CS
- Corporate Secretary and Internal Audit Manager



Remuneration

- Facilitated a 6% inflationary adjustment to staff's remuneration across the board
- Rolled out of Cost To Company (CTC)
- Normalized staff remuneration



Staff Training and Development

The trains conducted for staff during this period were:

- Sustainability Reporting.

PLANNING, RESEARCH AND INFORMATION TECHNOLOGY

Planning and Research

- Business plan for Potato Lesotho Association
- Tomato paste market demand study
- Baseline assessment of current agriculture stakeholders and activities
- Data collection for Development Finance market assessment study for financial instruments' design
- Research on market access analysis for the US market, focusing on SME trading opportunities
- Facilitated development of rental policy
- Led export consortia project financed under PSC to enhance local businesses' export capacity
- Summary of Doing Business Report (131) and Competitiveness Report (122) which indicated a decline in Lesotho rankings.

Information Technology

- AS-IS and TO-BE business processes documented.
- Systems identified for automation eg ERP.

INTERNAL AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT AND RISK MANAGEMENT ROLE:



To assist the organization in ensuring that all potential risks confronting the corporation are recognized and that appropriate mitigation measures are efficiently implemented.



To ensure that adequate controls are established to prevent potential irregularities that could undermine organizational value and hinder the achievement of strategic goals.

RISK MANAGEMENT

- Developed the 2020/21 risk-based Internal Audit
- Identification of top corporate risk and mitigation strategies in the wake of Covid 19 pandemic and total lock down.

INTERNAL AUDIT

- Facilitated Implementation of the management letter points
- Audit exercise completed and consolidations prepared for Board approval.
- Compiled annual audit plan for 2020/2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Lesotho National Development Corporation, its subsidiaries and associates for the year ended 31 March 2020.

1. Review of activities

Main business and operations

The Corporation is engaged in initiating, promoting, and facilitating the development of manufacturing and processing industries, mining and commerce, operating principally in Lesotho.

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the LNDC Act of 1990 (as amended). The accounting policies have been applied consistently compared to the prior year.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorized and issued share capital

There were no changes in the authorised or issued share capital of the Corporation during the year under review.

4. Directors

The directors of the Corporation during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr Khomoatsana Tau	Mosotho	From September 2017
Ms Puleng Lekholoane	Mosotho	From September 2017
Mr Malefetsane Nchaka	Mosotho	From September 2017
Dr Makatleho Julia Matabooe	Mosotho	From September 2017
Mr Stephen Thabo Monyamane	Mosotho	From September 2017
Adv. Mpaiphele Dyson Maqutu	Mosotho	From September 2017
Mr Nkareng Alphonse Letsie	Mosotho	From September 2017
Mr Themba Gordon Sopeng	Mosotho	From September 2017
Mr Lerotholi Pheko	Mosotho	From September 2017
Adv. Ranale Thoahlane	Mosotho	From September 2017

5. Secretary & Chief Executive Officer

Chief Executive Officer

Mr Mohato Seleke from December 2017 to

The Secretary of the Corporation

Mr. Selebalo Lekokoto from February 2017 to



**Block A, Development House,
Kingsway Street,
Maseru**



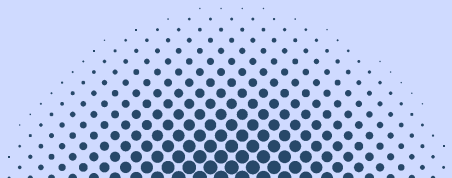
**Private Bag A96
Maseru 100
Lesotho**

6. Auditors

Moteane, Quashie & Associates on behalf of Office of the Auditor General

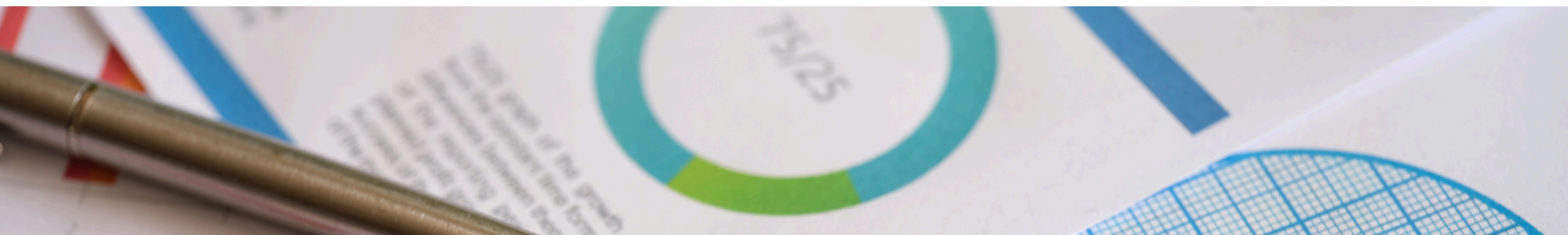


ANNUAL FINANCIAL STATEMENTS



Statement of Financial Position as at 31 March 2020

Figures in Loti	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	33 486 856	33 147 006
Investment property	3	1 294 161 326	940 564 308
Investments in subsidiaries	4	213 285 165	189 935 801
Investments in associates	5	67 118 351	71 942 111
Other investments	6	30 680 630	33 991 435
Long term receivables		4 800 000	4 800 000
		1 643 532 328	1 274 380 661
Current Assets			
Short term investments		90 724 029	163 943 531
Trade and other receivables	7	56 150 961	62 340 923
Cash and cash equivalents	8	21 996 188	43 672 810
		168 871 178	269 957 264
Total Assets		1 812 403 506	1 544 337 925
Equity and Liabilities			
Equity			
Share capital	9	128 000 000	128 000 000
Reserves		890 549 641	727 358 931
Retained income		454 391 580	392 084 000
		1 472 941 221	1 247 442 931
Liabilities			
Non-Current Liabilities			
Long term borrowing- Current portion	10	249 821 985	226 670 552
Long term liabilities		2 492 494	7 789 273
Provisions		4 927 136	4 801 470
		257 241 615	239 261 295
Current Liabilities			
Trade and other payables	11	74 579 997	34 796 601
Long term borrowing- Current portion	10	5 000 000	20 000 000
Long term liabilities		2 640 673	2 837 098
		82 220 670	57 633 699
Total Liabilities		339 462 285	296 894 994
Total Equity and Liabilities		1 812 403 506	1 544 337 925



Statement of Profit or Loss and Other Comprehensive Income

Figures in Loti	Note(s)	2020	2019
Revenue	12	77 873 265	71 639 168
Other operating income	13	17 611 715	11 068 612
Other operating expenses		(118 545 488)	(96 454 903)
Operating loss		(23 060 508)	(13 747 123)
Investment income	16	90 323 638	97 574 836
Finance costs	17	(1 078 553)	(890 000)
Total comprehensive income for the year		66 184 577	82 937 713

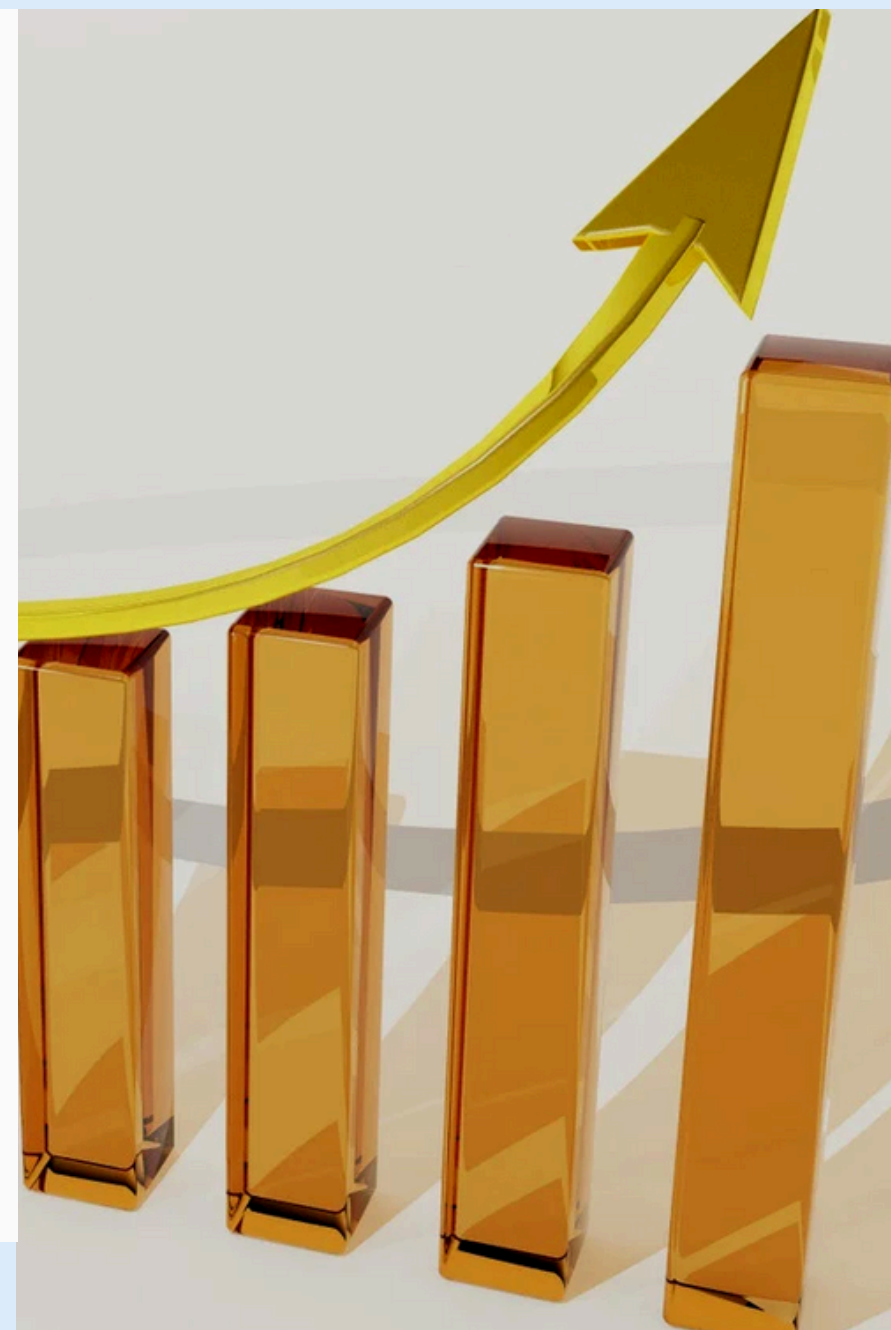
Statement of Changes in Equity

Figures in Loti	Share capital	Reserves	Retained income	Total equity
Balance at 01 April 2018	128 000 000	636 736 760	306 219 239	1 070 955 999
Total comprehensive income for the year	-	-	82 937 713	82 937 713
Prior year adjustment	-	-	2 927 048	2 927 048
Grants received	-	90 622 171	-	90 622 171
Total contributions by and distributions to owners of company recognised directly in equity	-	90 622 171	2 927 048	93 549 219
Balance at 01 April 2019	128 000 000	727 358 931	392 084 000	1 247 442 931
Total comprehensive income for the year	-	-	66 184 577	66 184 577
Grants received	-	156 462 997	-	156 462 997
Prior year adjustment	-	-	(3 876 997)	(3 876 997)
Revaluation surplus	-	6 727 713	-	6 727 713
Total contributions by and distributions to owners of company recognised directly in equity	-	163 190 710	(3 876 997)	159 313 713
Balance at 31 March 2020	128 000 000	890 549 641	454 391 580	1 472 941 221
Note(s)	9			



Statement of Cash Flows

Figures in Loti	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	18	175 769 189	104 572 687
Interest Income		10 717 520	12 336 780
Dividends Income		79 606 118	85 238 056
Finance Costs		<u>(1 078 553)</u>	<u>(890 000)</u>
Net cash generated from operation		<u>265 014 274</u>	<u>201 257 523</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3 054 668)	(3 828 536)
Sale of property, plant and equipment	2	5 724 210	183 001
Purchase of investment property	3	(375 554 128)	(166 832 684)
Movement in short term investment		78 043 261	(8 795 917)
Net cash from investing activities		<u>(294 842 325)</u>	<u>(179 274 136)</u>
Cash flows from financing activities			
Repayment of borrowings		<u>8 151 433</u>	<u>(24 189 871)</u>
Net cash from financing activities		<u>8 151 433</u>	<u>(24 189 871)</u>
Total cash movement for the year		(21 676 619)	(2 206 484)
Cash at the beginning of the year		<u>43 672 807</u>	<u>45 879 294</u>
Total cash at end of the year		<u>21 996 188</u>	<u>43 672 807</u>



CONTACT INFORMATION



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