



# ANNUAL REPORT

**2022-23**



**LNDC**  
LESOTHO NATIONAL DEVELOPMENT CORPORATION  
*Together We Build Sustainable Industry*



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**SECTION 1**

**VISION**

**MISSION**

**STRATEGY**

**VALUE**

# ABOUT THIS REPORT

Section 19 (1) (C) of the Lesotho National Development Corporation Act 1990 as amended 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 (3) sections:

- Section 1:** Overview of the Corporation,
- Section 2:** Performance of the Corporation, and
- Section 3:** Financial performance of the Corporation.





## WHO WE ARE

### MANDATE

The Lesotho National Development Corporation (LNDC) was established by an Act of Parliament as a parastatal. The LNDC Act of 1990 as amended mandates the Corporation 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”*

To fulfil this mandate, the statute further empowers the Corporation to raise funding to finance its programme of action. Section 5.1(d) specifically mandates LNDC to:

- raise, lend, or borrow money,
- make advances to any company, form, or person,
- lend and advance money to companies, firms or persons owning or engaging in any business similar or related to that of the Corporation,
- guarantee payment of cash or performance of contracts by any such company, firm or person on any terms as may be agreed upon and
- Issue debentures, bills of exchange and other negotiable or transferable instruments.

# THE VALUE CREATED

## Financial Performance



- Revenue **M248.9Million (+34.6%)**
- Net profit **M75Million (+23.8%)**
- Total assets **M2.9Billion (+18.9%)**

## Value of our People



- **21** Newly recruited employees
- **Gym facility** established for staff welfare

## Value for Society



- **39,075 (-3.05%)** - Total employment
- **1** - Company closure
- **2** - New companies
- **M188.8Million** - Value of CPCG loans



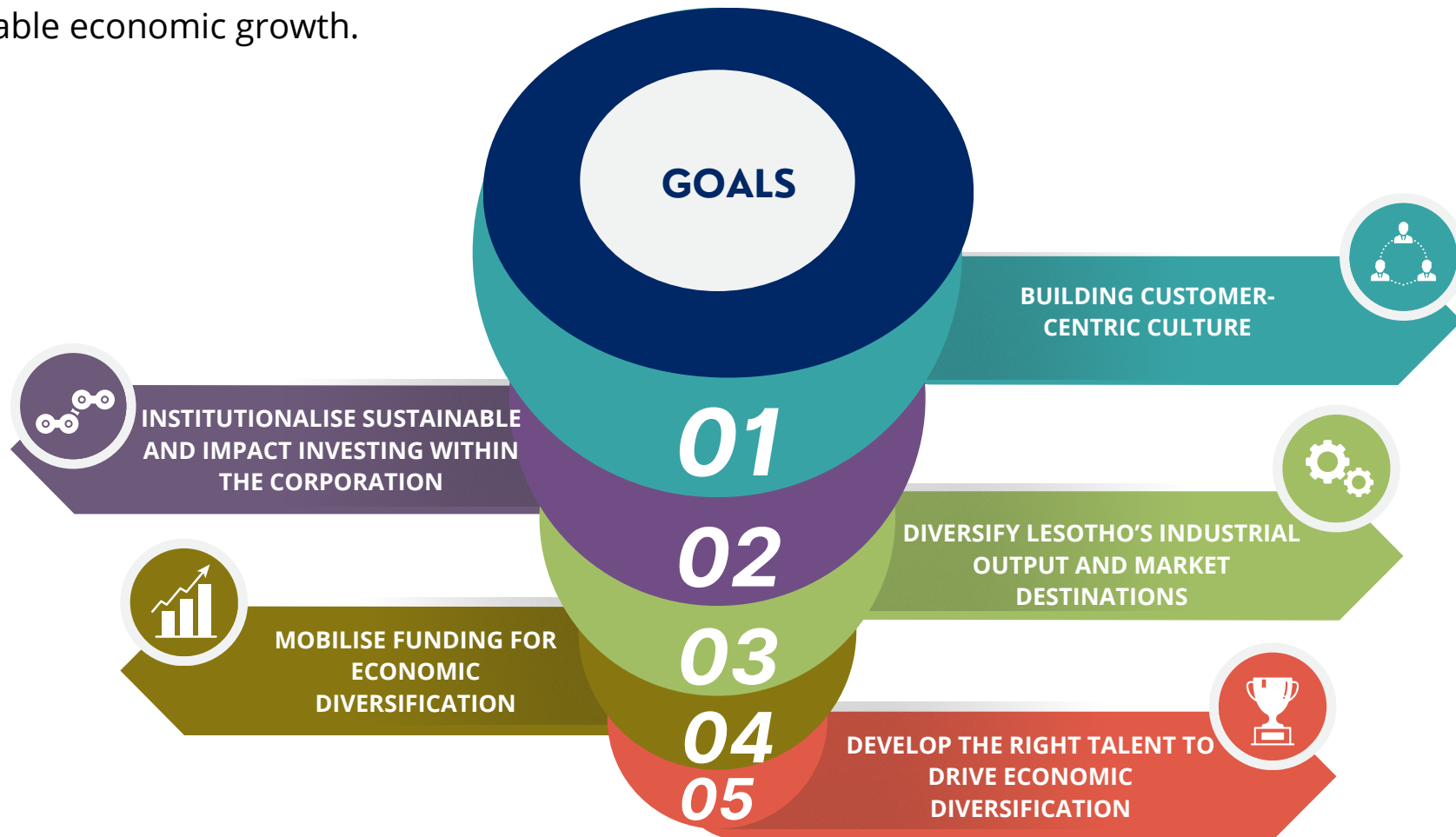
# CORPORATE VISION

## OUR VISION

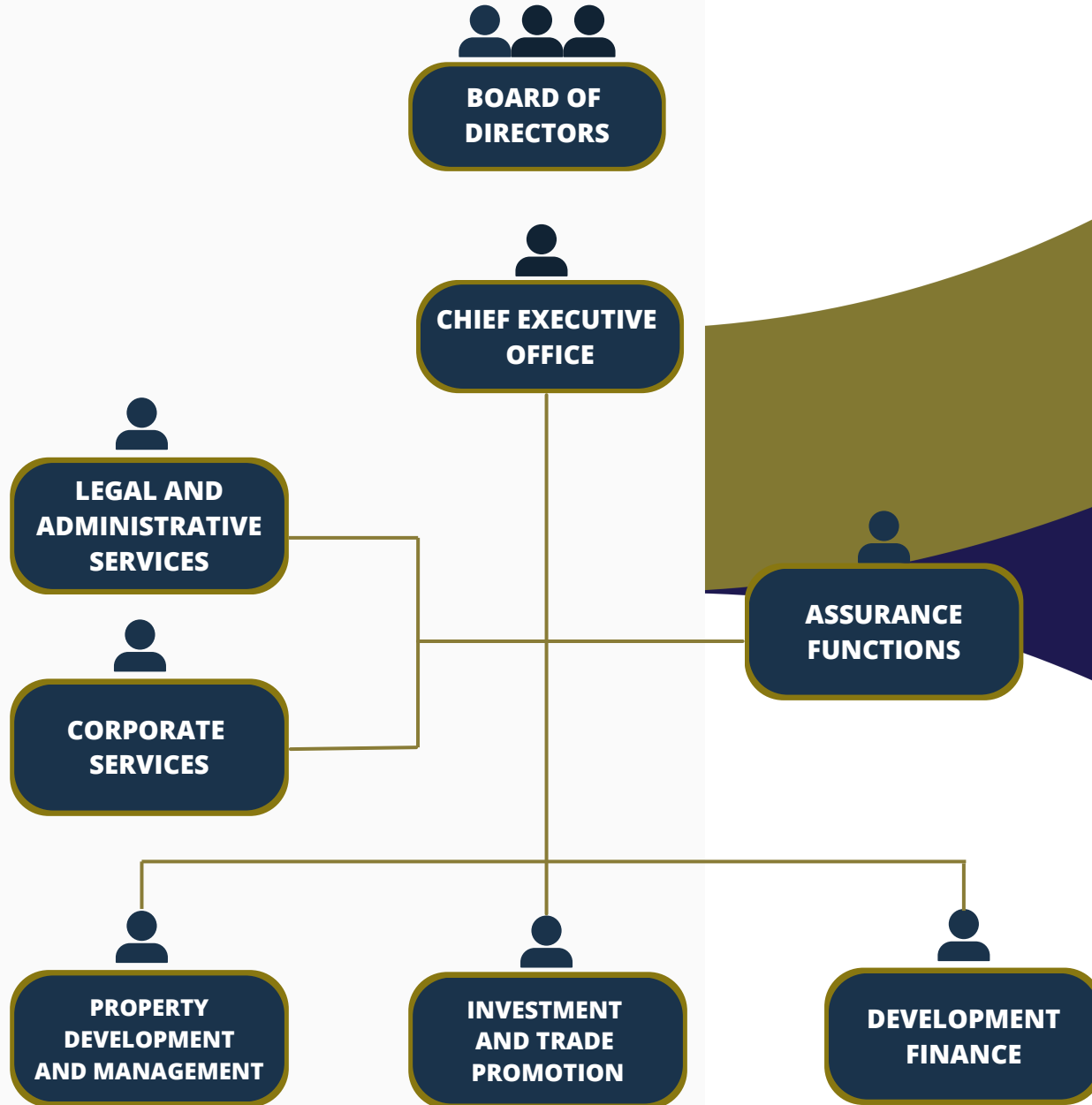
A catalyst for a diversified, global competitive economy, underpinned by manufacturing and high-tech agro-processing industries.

## OUR MISSION

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



# ORGANIZATIONAL STRUCTURE





## Navigating Challenges, Building a Sustainable Future

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year 2022/23. This year brought its share of challenges, yet the LNDC remained resilient and achieved positive results.

### Financial Performance and Strategic Focus

The Corporation maintained a healthy financial position with a net profit of M75 million, a 24% increase compared to the previous year. Corporate assets also grew by 16% due to the continued construction of the Tikoe and Belo infrastructure projects. Additionally, revenue improved by 41% following dividend declarations from equity companies.

The Board of Directors remains committed to providing strong strategic oversight, fostering positive industry growth, and driving job creation. Notably, we emphasised the need to optimise resource deployment and maximise value addition from the Corporation's activities.

### Enhancing Governance and Performance

The Board approved a Governance Framework to ensure the development of essential policies and procedures while addressing management letter points to prevent audit qualifications.

The recurring challenge of underperformance has also received significant attention. Measures to improve corporate performance include the reintroduction of a functional Performance Management System (PMS). Furthermore, to ensure clear and measurable goals, the LNDC adopted international Economic, Social and Governance (ESG) standards. A draft Integrated Report, the first of its kind for the Corporation, is scheduled for development and publication in 2023/2024.

## STATEMENT BY THE CHAIRMAN



.....  
**Board Chairman**  
**Mr. Thabo Moleko**

### Adapting to External Factors

The 2022/23 financial year concluded the implementation of the 2018/19-2022/23 Strategic Plan. However, the global impact of the COVID-19 pandemic from 2020 onwards, and the escalating Ukraine-Russia war in 2022 with its associated rise in fuel costs, hindered the Corporation's ability to fully achieve its performance targets.

In response, the Board sanctioned a review of the Strategic Plan and subsequently launched a new five-year plan (2023/24-2027/28) in June 2023.

### A Word of Thanks

The Board extends its sincere gratitude to the LNDC Management team, the Ministry of Trade and Industry, and our valued development partners. Your unwavering support has been instrumental in achieving the performance outlined in this report.

This annual report provides a detailed account of our accomplishments and challenges in 2022/23. We remain committed to navigating future challenges, building a sustainable future for Lesotho's economy, and creating lasting value for all stakeholders.



## Navigating a Changing World: Delivering Results Despite Global Headwinds

The 2022/23 financial year presented unprecedented challenges. The global economic slump caused by the Ukraine-Russia war led to rising costs for businesses while the lingering effects of COVID-19 lockdowns continued to disrupt some firms. Despite these difficulties, the LNDC remained steadfast in its commitment to supporting Basotho businesses and workers.

### Delivering for Lesotho

- **Securing Jobs:** We're proud to report the retention of 39,075 manufacturing sector jobs. This vital support helped businesses weather the storm and maintain employment levels.
- **Boosting Local Businesses:** The LNDC facilitated M188 million in loans, a significant increase from M143 million in the previous year. Over 90% of these loans went to Basotho-owned companies, a testament to our commitment to empowering local entrepreneurs.

### Investing in Our People

- **Employee Wellbeing:** We prioritized staff welfare by organizing a team-building retreat and constructing a new gym facility. We also conducted Performance Management System (PMS) refresher training to enhance performance and value creation. Additionally, we completed a compensation review to ensure competitive salaries that attract and retain top talent.
- **Strategic Recruitment:** To strengthen our capabilities, 21 new employees were recruited for key roles across various departments.

## Promoting Exports and National Identity

- **Exporters Awards:** We hosted and sponsored the Exporters Awards event, fostering a culture of export-oriented manufacturing and increased productivity in Lesotho.
- **National Brand Development:** Following the appointment of a Nation Brand Manager, an expert working group was established to guide the development and implementation of a comprehensive National Brand program. Additionally, the Nation Brand Blueprint was finalized to chart the course for this critical initiative.

## Infrastructure Progress

- **Belo and Tikoe Projects:** The development of infrastructure projects in Belo and Tikoe continued, achieving impressive completion rates of 99% and 87% respectively. These projects will provide much-needed space for businesses to grow and contribute to Lesotho's economic development.

## A Look Forward

The LNDC remains focused on its mission to support and empower Basotho businesses and workers. As we navigate the evolving global landscape, we are committed to building a more resilient and prosperous future for Lesotho. This report details these achievements and outlines our ongoing efforts to create a thriving business environment and unlock Lesotho's full economic potential.



# CHIEF EXECUTIVE OFFICER'S STATEMENT



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





## SECTION 2



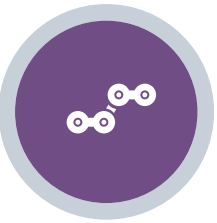
# OUR STRATEGY

## GOAL 1: BUILDING CUSTOMER-CENTRIC CULTURE



- 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.

## GOAL 2: INSTITUTIONALISE SUSTAINABLE AND IMPACT INVESTING WITHIN THE CORPORATION



- 2.1 Strategic Objective: Reduce negative environmental impact of LNDC's investments
- 2.2 Strategic Objective: Deepen social impact in LNDC's investments
- 2.3 Strategic Objective: Enhance the Corporation's financial sustainability

## GOAL 3: DIVERSIFY LESOTHO'S INDUSTRIAL OUTPUT AND MARKET DESTINATIONS



- 3.1 Strategic Objective: Initiate, promote and facilitate major investments into manufacturing and high-tech agro processing industries 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

## GOAL 4: MOBILISE FUNDING FOR ECONOMIC DIVERSIFICATION



- 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 projects in furtherance of the Vision of the Corporation

## GOAL 5: DEVELOP THE RIGHT TALENT TO DRIVE ECONOMIC DIVERSIFICATION



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



EMENT  
**PLANNING**  
**GOALS**  
**PERFORMANCE**  
**MANAGEMENT**  
**PROCESS**  
**ACTIVITIES**  
**STRATEGY**  
**COACHING**  
**SYSTEMS**  
**ORGANIZATION**  
**EMPLOYEES**  
**BUSINESS**  
**APPRAISAL**

# INVESTMENT AND TRADE PROMOTION

## Industry Employment



**3%**

Decrease in employment  
between March 2022 and  
March 2023

 **2**  
New companies

 **39,075**  
Total Jobs

 **1**  
company closure

 **88**  
Total Companies

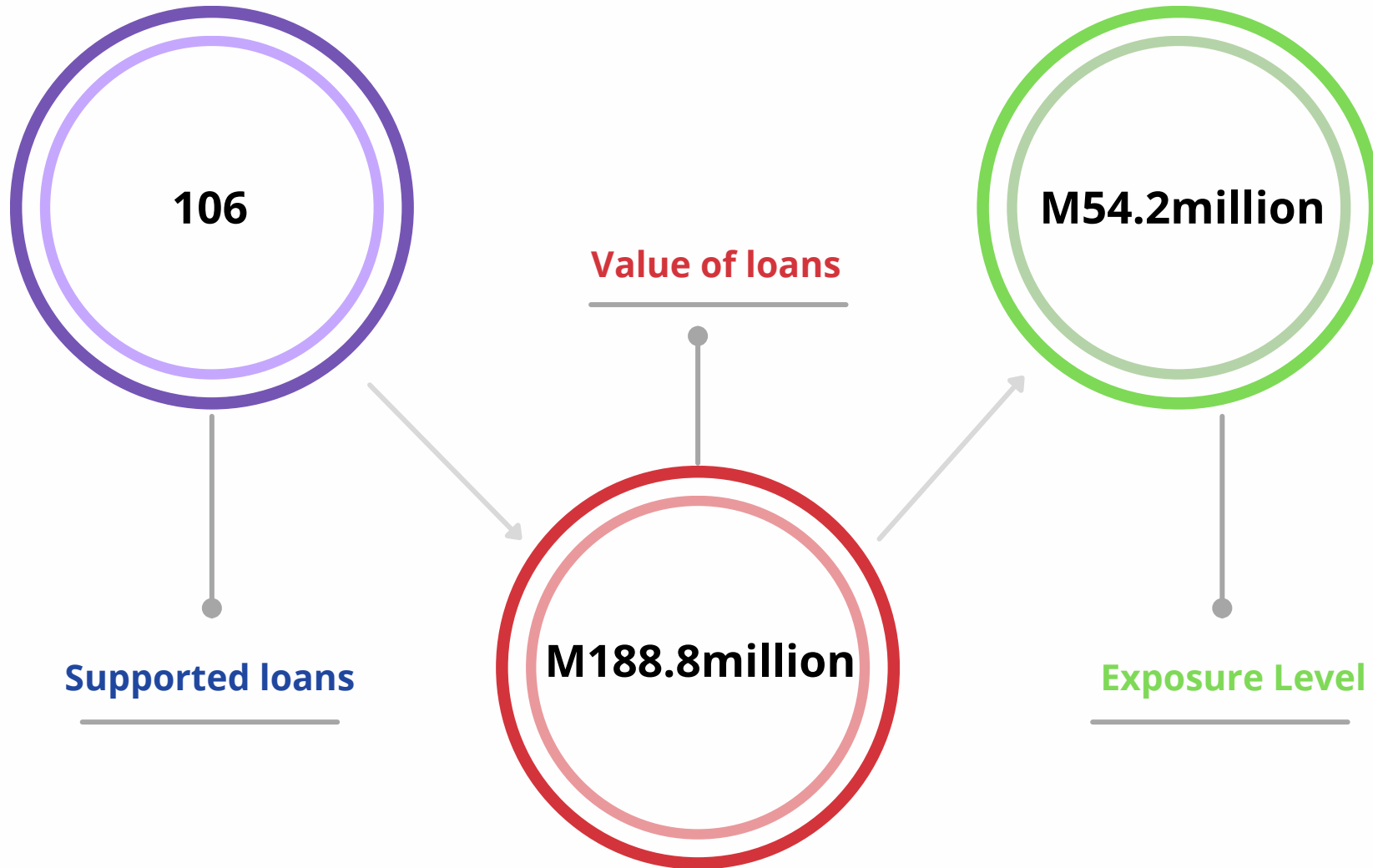
## Trade promotion events

- Annual exporter award competition
- Public-private dialogue forums
- SACU Ministerial Investment Roundtable
- Commonwealth Business Forum Rwanda 2022
- Afreximbank Annual Meeting
- WAIPA World Investment Conference (WIC)
- Annual Investment Meeting (AIM)

## Nation Brand

- Nation brand Expert Working Group fully established and operational.
- Blueprint providing foundation basis for Nation Brand has been completed.
- Stakeholder and financing strategy is in progress.
- Nation brand sensitization to staff completed.

## Covid-19 Partial Credit Guarantee





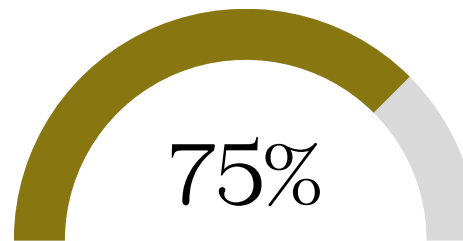
# PROPERTY DEVELOPMENT AND MANAGEMENT

## Construction Projects



Physical progress

**Belo Project**



Physical progress

**Tikoe Project**



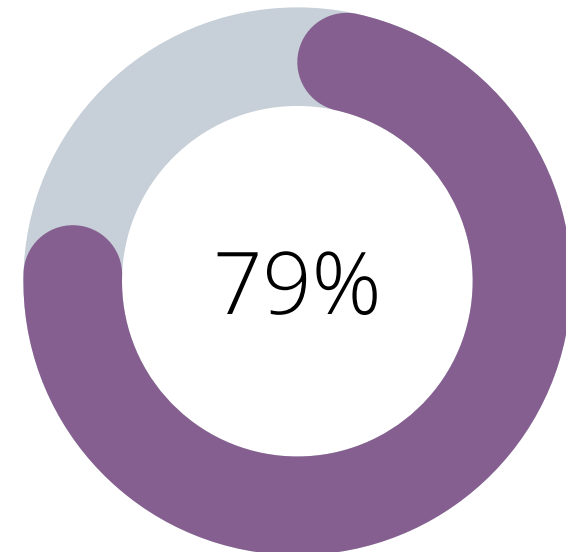
Physical progress

**Devcourt**

## Allocation of Property Space

Status	Number
Accepted	22
Pending	29
Declined	8
Vacated	3
<b>Total</b>	<b>62</b>

## Maintenance Expenditure





## MONITORING AND EVALUATION

- Approved five year strategic plan (2023 to 2028)
- Quarterly monitoring of Corporate strategic plan.
- Global Risk Report Summary 2023
- Global Trade Report Summary 2023



## RESEARCH

- Quarterly Industry status reports
- Researches on EX Post Evaluation EU SADC EPA
- Cost of Doing Business



## INFORMATION COMMUNICATION TECHNOLOGY

- Corporate staff trained on Microsoft SharePoint.
- Microsoft SharePoint customised.
- Corporate intranet designed as central repository.

# HUMAN RESOURCES AND ADMINISTRATION

## RECRUITMENT



21

Newly recruited employees

## TRAININGS



Corporate staff trained on Performance Management System.

## STAFF WELLNESS

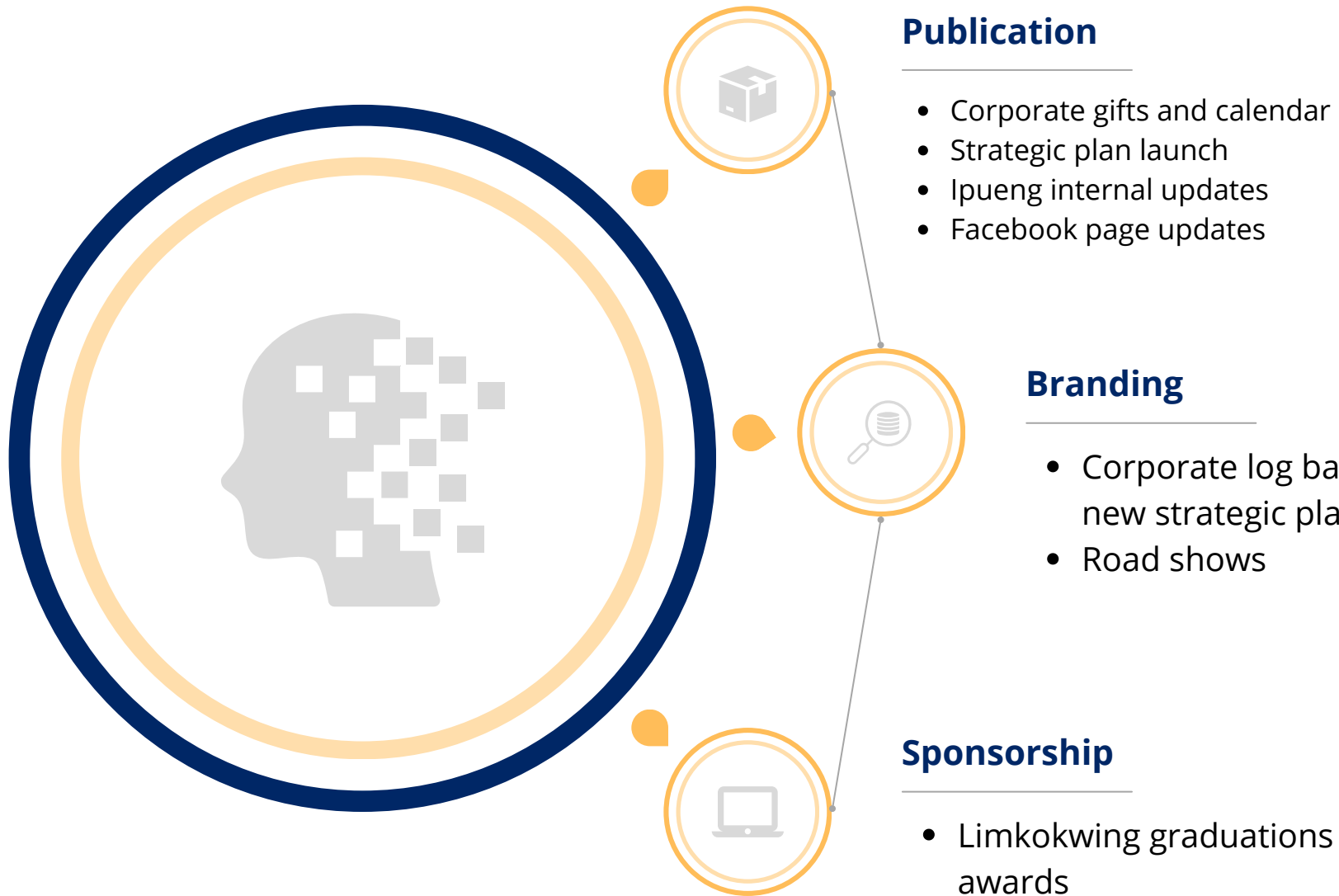


- Construction of GYM facility for staff.
- SADC-DFI games for staff members.
- Staff retreat.

## CONSULTANCY



- Remuneration and payment scale review completed.
- Performance Management System (PMS) commenced.





## Risk management

### Risks Identified:

- Credit risk due to default on PCG
- Income Concentration risk
- Organizational structure misalignment to the new strategic plan
- People/Performance risk
- Funding challenges for capital projects

## Internal Audit

- Progress on remediating overdue Internal Audit Issues has improved from **76%** to **50%**
- Lease audit report finalised
- Budget execution audit underway

## Corporate Governance

- Approval of Strategic plan 2023-2028
- Presentation of new strategic plan to the Minister

# DIRECTORS' REPORT

The directors have pleasure of submitting their report on the financial statements of Lesotho National Development Corporation and its associates for the year ended 31 March 2023.

## 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, 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. AUTHORISED AND ISSUED SHARE CAPITAL

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

## 5. SECRETARY & CHIEF EXECUTIVE OFFICER

### Interim Chief Executive Officer

Mr Molise Ramaili

### The Secretary

Mrs Mothenjoase Florence Motoa

## 4. DIRECTORS

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

Mr. Thabo Moleko (Chairman)

Mrs. Puleng Lekholoane

Mr. Mole Khumalo

Dr. Francis Sefali

Dr. Retselisitsoe Nko

Mr. Sello Tsukulu

Mr Nchakha Makara

Mr. Sehlabaka Ramafikeng

Adv. Jafta Thamae

Adv. Mpaiphele Maqutu

Mr. Nkareng Letsie

Mr. Soaile Mochaba

Mr. Thababng Mathibeli

Mrs. Mamotake Matekane

## 6. PREPARER

The financial statements were internally compiled by:

Mr. Tsotetsi Michael Sekantsi

## 7. AUDITORS

PKF Chartered Accountants on behalf of Office of the Auditor General



**SECTION 3**

# STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position as at 31 March 2023

Figures in Loti

	Note(s)	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant, and equipment	2	1,612,181,834	1,361,637,041
Investment property	4	571,929,557	546,105,075
Intangible assets	5	454,118	454,118
Investments in subsidiaries	6	267,221,852	205,355,165
Investment in associate	7	80,439,740	88,966,448
Loans receivable (at amortized cost)	9	4,800,000	4,800,000
Investments at fair value	11	37,689,986	30,771,433
		<b>2,574,717,087</b>	<b>2,238,089,280</b>
<b>Current Assets</b>			
Cash and cash equivalents	10	216,881,111	127,488,871
Trade and other receivables	10	153,892,012	111,505,843
		<b>2,945,490,210</b>	<b>2,477,083,994</b>



# STATEMENT OF FINANCIAL POSITION

## Equity and Liabilities

### Equity

Share capital	13	55,000,000	55,000,000
Reserves		1,840,073,342	1,438,073,342
Retained income		583,952,911	536,882,270
		<b>2,479,026,254</b>	<b>2,029,955,612</b>

### Liabilities

#### Non-Current Liabilities

Borrowings	17	5,799,827	8,430,114
Deposit For Shares	14	73,000,000	73,000,000
Financial liabilities at fair value	18	229,189,827	232,589,827
Retirement benefit obligation	12	20,353,806	19,322,557
		<b>328,343,460</b>	<b>333,342,498</b>

#### Current Liabilities

Trade and other payables	20	138,120,496	113,785,879
<b>Total Liabilities</b>		<b>466,463,956</b>	<b>374,128,377</b>
<b>Total Equity and Liabilities</b>		<b>2,945,490,210</b>	<b>2,477,083,994</b>

# STATEMENT OF COMPREHENSIVE INCOME

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Loti	Note(s)	2023	2022
Revenue	21	82,904,108	81,970,111
Other operating income	22	1,898,624	2,498,726
Other operating expenses		(172,625,564)	(122,562,566)
<b>Operating loss</b>		<b>(87,822,832)</b>	<b>(38,093,729)</b>
Investment income	25	164,124,879	100,496,588
Finance costs	26	(1,143,421)	(1,704,752)
<b>Profit for the year</b>		<b>75,158,626</b>	<b>60,698,107</b>

# STATEMENT OF CHANGES IN EQUITY

## Statement of Changes in Equity

	Share capital	Reserve for valuation of financial instruments	Retained income.	Total equity
Figures in Loti				
<b>Balance at 1 April 2021</b>	<b>128,000,000</b>	<b>1,153,904,876</b>	<b>495,032,473</b>	<b>1,776,937,349</b>
Profit for the year			60,698,110	60,698,110
Prior Year Adjustment			(22,185,879)	(22,185,879)
Development Grants Received		287,506,031		287,506,031
Deposit For Shares (Note 14)	(73,000,000)			
<b>Balance at 1 April 2022</b>	<b>55,000,000</b>	<b>1,441,410,907</b>	<b>533,544,705</b>	<b>2,029,955,612</b>
Profit for the year			75,158,626	75,158,626
Other Comprehensive Income		2,000,000		2,000,000
Development Grants Received		400,000,000	3,337,565	403,337,565
Prior Year Adjustment			(28,087,985)	(28,087,985)
<b>Total comprehensive income for the year</b>		<b>402,000,000</b>	<b>50,408,206</b>	<b>452,408,203</b>
<b>Balance at 31 March 2023</b>	<b>55,000,000</b>	<b>1,840,073,342</b>	<b>583,952,911</b>	<b>2,479,026,254</b>

# STATEMENT OF CASH FLOW

## Statement of Cash Flows

Figures in Loti	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
Cash Generated from/ (used in) operations		(199,342,375)	267,577,076
Interest income	25	20,412,771	8,128,606
Dividends received	25	85,453,579	84,050,291
Finance costs	26	(1,143,421)	(1,704,752)
<b>Net cashflow from operating activities</b>		<b>(94,619,446)</b>	<b>358,145,928</b>



# STATEMENT OF CASH FLOW

## Cash flows from investing activities

Purchase of property, plant, and equipment	2	(3,727,579)	(1,014,142)
Purchases of investment property	4	(290,794,239)	(355,363,497)
Purchases of investments in subsidiaries, associates, or short-term investments		2,000,000	148,753
Sale of property, plant, and equipment	22	63,037	168,461
<b>Net cash from investing activities</b>		<b>(292,458,782)</b>	<b>(356,060,425)</b>

## Cash flows from financing activities

Repayments of borrowings	17	(2,630,287)	(11,711,013)
Repayments of financial liabilities at fair value	18	(3,400,000)	
Developments Grants Received (GOL)		400,000,000	
<b>Net cash from financing activities</b>		<b>393,969,713</b>	<b>(11,711,013)</b>

## Total cash movement for the year

Cash and cash equivalents at the beginning of the year		6,952,525	16,578,034
<b>Cash and cash equivalents at the end of the year</b>		<b>13,844,006</b>	<b>6,952,525</b>



## CONTACT INFORMATION



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Maseru, Lesotho, 100



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