

Annual Report

2023 - 2024



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ACRONYMS

AFCTA	African Continental Free Trade Area
CPCG	COVID-19 Partial Credit Guarantee
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
ERP	Enterprise Resource Planning
ESS	Employee Self Service
GOL	Government of Lesotho
IODSA	Institute of Directors in South Africa
LFI	Lesotho Food Industries
LHLDC	Lesotho Housing & Land Development Corporation
LMC	Lesotho Milling Company
LNDC	Lesotho National Development Corporation
LSDP	Local Supplier Development Programme
MHG	Minor Hotel Group
MIV	Masianokeng Integrated Vegetables
MMB	Maluti Mountain Brewery
PFM	Public Financial Management
PMS	Performance Management System
SHE	Safety, Health, and Environment
TFOC	Trade Facilitation Office Canada
WRAP	Worldwide Responsible Accredited Production

SECTION 1

VISION, MISSION, ORGANISATIONAL STRUCTURE



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, 2023, to March 31, 2024. The report highlights the Corporation's activities, achievements, and challenges for the period.

The report is divided into three (3) sections:



The report has adopted Integrated Reporting Standards, and shall unpack the LNDC's corporate performance for the financial year 2023/24, articulating its key achievements. The dimensions assessed for performance include Economic, Environmental, Social and Governance, indicating an attempt by the Corporation to align itself with international sustainability standards. This newly adopted reporting approach is work in progress with an expectation to have a fully-integrated report demonstrating value created by the Corporation over time.



The Corporation is an investment promotion agency of the Government of Lesotho, established by the Corporation Act NO. 20 of 1967, the Lesotho National Act NO. 13 of 1990, amended by Act No. 7 of 2000, with the following mandate:

Mandate

“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”

What We Do

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.

CORPORATE VISION

OUR VISION

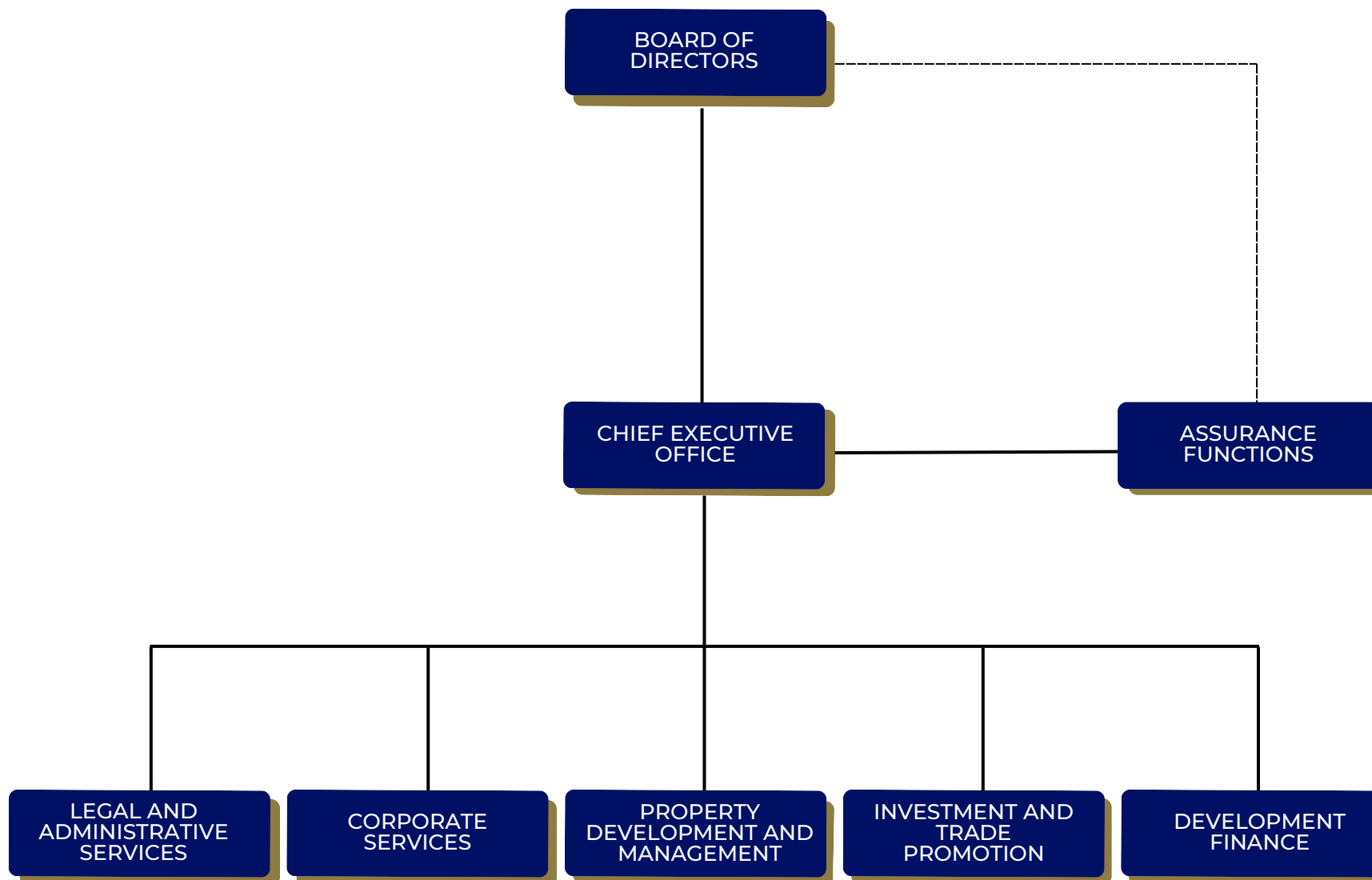
To facilitate Lesotho's economic growth, through private sector development.

OUR MISSION

Making a positive and sustainable impact on our Economy, Community, and Environment for the creation of intergenerational value.



ORGANIZATIONAL STRUCTURE



STATEMENT BY THE CHAIRPERSON



Building on a Strong Foundation

On behalf of the LNDC Board of Directors, I am delighted to share the annual report for 2023/24 financial year, showcasing the Corporation's achievements and reaffirming our dedication to ongoing progress.

Governance

In this financial year, new Board of Directors assumed office and completed comprehensive Corporate Governance training with the Institute of Directors South Africa (IODSA), covering all seven parts of the course. This initiative supports the Corporation's strategic focus on fostering institutional integrity by promoting good governance from the Board level.

Financial strength

The Corporation collected revenue of M150.826 million for the twelve months ending March 31, 2024, registering a decrease of M98.102 million compared to the previous year thereby translating in net profit loss of M54.405 million.

During the same period, non-current assets increased by M331.649 million, rising from M2.575 billion as of March 31, 2023, to M2.906 billion as of March 31, 2024. This increase was primarily driven by capitalisation of infrastructure projects by the Government of Lesotho (GOL) for the Belo and Tikoe estates.

A Word of Thanks

The Board expresses its heartfelt appreciation to the LNDC Management team for their dedication and efforts in aligning the Corporation's activities with strategic objectives and advancing its mission. We also extend our gratitude to the Government for its steadfast support and vital investments that have driven key infrastructure projects forward.

The financial and technical contributions from our development partners are equally valued and acknowledged. This annual report highlights our accomplishments for 2023/24, and we remain committed to building on this progress to foster a more prosperous future for Lesotho's economy.


.....
Board Chairperson
Mrs. Palesa Matobako

CHIEF EXECUTIVE OFFICER'S STATEMENT



Strategic direction

During the 2023/2024 financial year, the Corporation embarked on a new five-year strategic journey aligned with its corporate mandate and vision. Management prioritized streamlining corporate programming and aligning activities with the strategy execution plan. Key milestones achieved included:

- Launching the Supply Chain Finance pilot,
- Initiating implementation of the Performance Management System (PMS),
- Piloting a strategy execution tracking software,
- Advancing project preparation activities, and
- Continuing the rollout of the Partial Credit Guarantee (PCG) Scheme.

Job Creation and Business Support

Despite experiencing some company closures, LNDC successfully retained 34,151 jobs in the manufacturing sector. The impact of these closures was partially mitigated by the launch of operations by two (2) new companies. Furthermore, LNDC facilitated M207.768 million in loans for Basotho businesses through the Partial Credit Guarantee (PCG) Scheme.

Supporting local enterprises

For the current reporting period 2023/2024, the Corporation engaged a total of 251 suppliers, comprising 235 local suppliers and 16 international suppliers.

The total amount spent on the procurement of goods and services amounted to M25,552,175.54, of which M24,610,742.78 benefited local enterprises and M941,432.76 benefited international enterprises.

This reflects the Corporation's continued commitment to supporting local enterprises, at 96% of the total spent. The engagement of international suppliers remains strategic and targeted, leveraging specialised goods and services not readily available locally.

A Look Forward

The LNDC remains dedicated to its mission of supporting and empowering Basotho businesses and workers. As we adapt to the changing global landscape, we are committed to fostering a more resilient and prosperous future for Lesotho.

This report highlights our accomplishments and provides an overview of our continuous efforts to cultivate a thriving business environment and unlock the full economic potential of Lesotho.


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

SECTION 2

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)



OUR STRATEGY

Social & Relational

Goal 1: Institutional Legitimacy

Strategic Objectives:

- To ensure interoperability and optimize network effect.
- To avoid Agency problem.
- To promote institutional integrity.

Natural

Goal 2: Sustainable Development

Strategic Objectives:

- Become responsible corporate citizen.
- Promote responsible industry.

Intellectual

Goal 3: Information hub for large-scale industry and business intelligence

Strategic Objectives:

- Become a trusted advisor & partner.
- Build brand capacity.
- Scale orientation.

Human and Spiritual

Goal 4: Improved organisational and People delivery.

Strategic Objectives:

- Effective, efficient and equitable organisation.
- Effective and efficient business processes and workflows.
- Embed ethical behavior.

Manufactured

Goal 5: Sustainable infrastructure & Technology

Strategic Objectives:

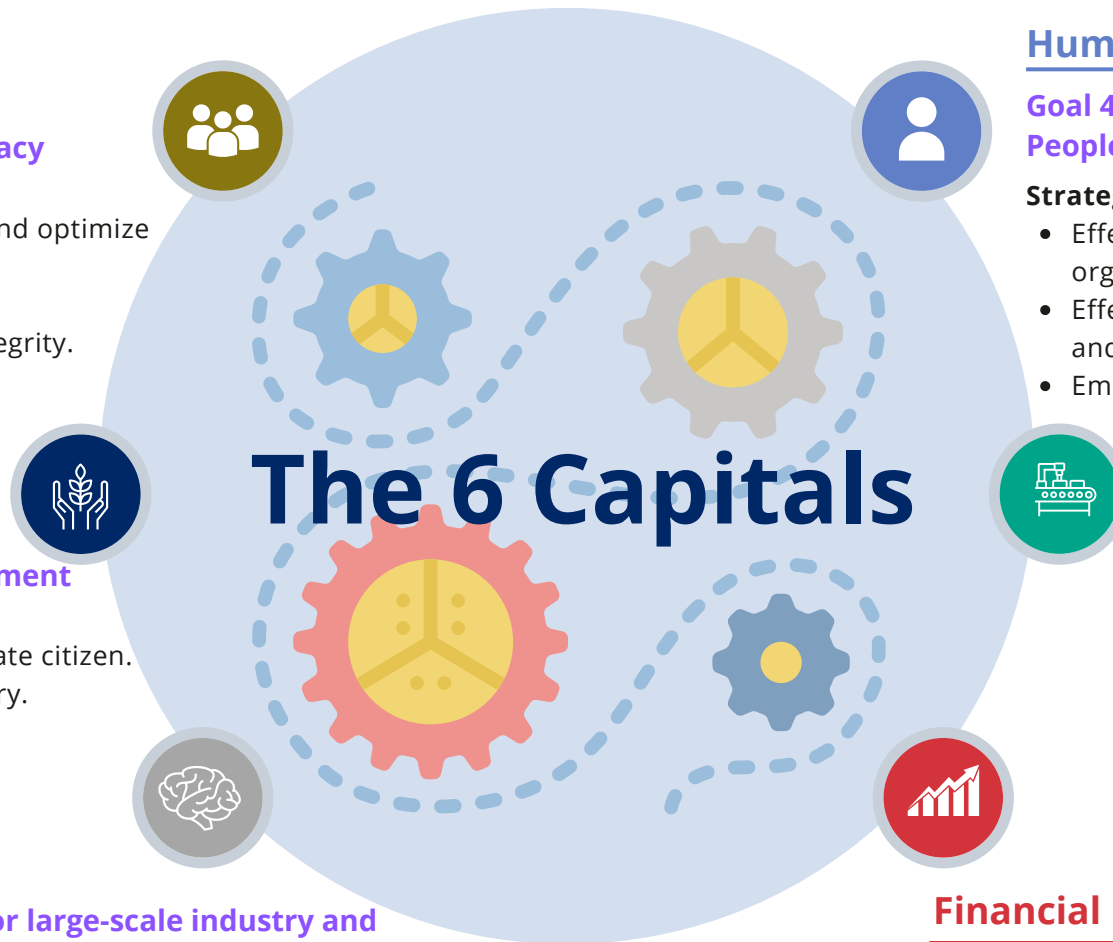
- Ensure that property investments provide profitable investment returns.
- Ensure availability of infrastructure and equipment for industry support and business development.
- Ensure that ESG is factored in the development of facilities.

Financial

Goal 6: Financial Strategy for organisational and industry sustainability

Strategic Objectives:

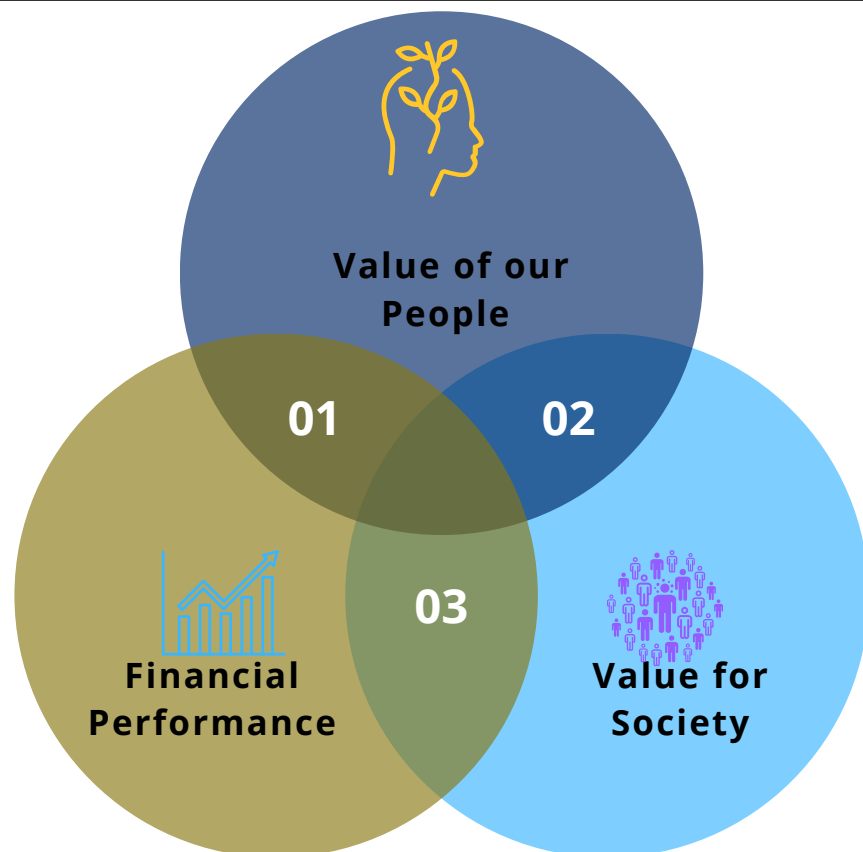
- Reduce funding concentration risk (focus on revenues generated on operating model).
- Embrace strategic finance.
- Increase the capacity of development finance.



THE VALUE CREATED

The Corporation commits to impacting three (3) key economic areas namely: financial performance, value for the people (LNDC staff & Board) and value for the society (clients & public). LNDC managed to increase its assets by 9.08% resulting in the increase its net worth to M3.212 billion. In order to improve staff welfare, the Corporation established corporate gym facility. Four (4) new employees were also recruited during the financial year to enhance human resource capacity.

Since the Corporation has been mandated to generate jobs, a total of 34,151 jobs have been retained in the manufacturing industry for LNDC-assisted companies with 683 additional jobs created during the year. Two (2) year companies were established during the year. In the implementation of the Partial Credit Guarantee (PCG), 128 companies were supported whose loan value portfolio amounted to M207.768 million, cumulatively since its establishment in 2011.



01

- Revenue **M150.826 million**
Percentage Change (-39%)
- Net loss **M54.405 million**
Percentage Change (-172.30%)
- Total assets **M3.212 billion**
Percentage Change (9.08%)

02

- **4** Newly recruited employees
- **Gym launch**
- **3** staff trainings conducted

03

- **34,151 (-13%)** - Total employment
- **6** - Company closures
- **2** - New companies
- **M207.768 million** - Value of CPCG loans
- **128** Enterprises (CPCG)
- **M54,126,110** LNDC CPCG Exposure

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

The Corporation has for the first time engaged an internal resource in Safety, Health and Environment (SHE) to assist the Corporation with a policy and programmes to guide implementation of the Environmental dimension. In the Social dimension, the Corporation intends to pursue interventions that influence more of Corporate Social Investments (CSI) beyond extending the Corporate Social Responsibility (CSR) to ensure that support provided becomes more sustainable. For the Governance dimension, LNDC developed the ESG Policy and appointed the new governing board. As the Corporation continues with the institutionalisation of ESG standards, more comprehensive feedback will be reported.

Environmental

- Inspection of factories to prevent water and air pollution.
- Regular monitoring on Health Safety and Environmental (SHE) issues at LNDC estates
- Conducted Fire emergency Drills
- Nomination and appointment of LNDC fire Marshal team in the effort to control fires and safe lives during emergencies.



Social

- Compensation was awarded for Belo Water Augmentation project where land was expropriated for development purposes.
- Engagement with local communities on grievances and complaints.



Governance

- Lack of Environmental Policies and procedure.
- ESG policy developed.
- New Board of Directors appointed



ESG

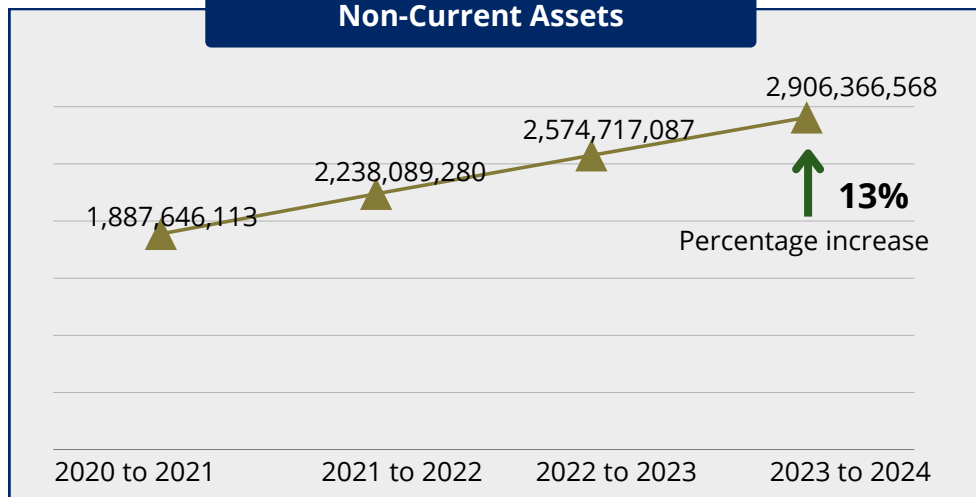
SECTION 3

CORPORATE PROGRAMS - PERFORMANCE

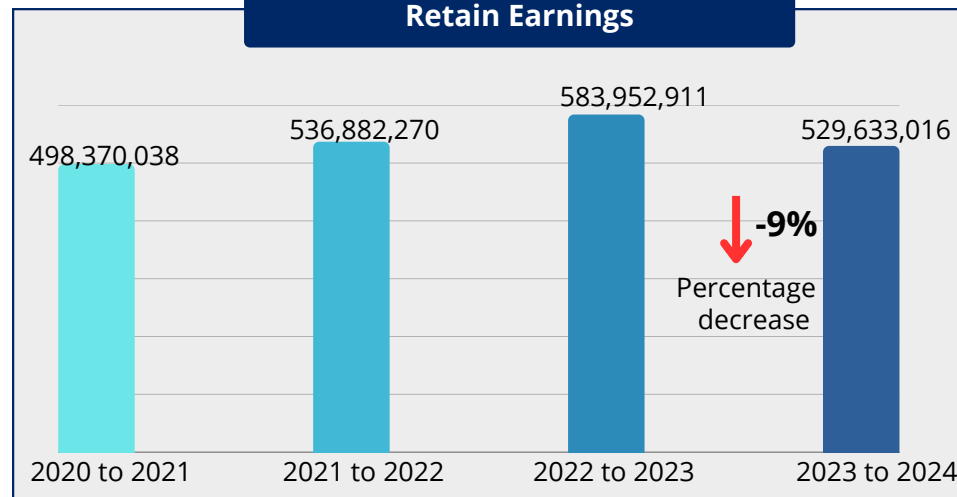


TRENDS IN CORPORATE FINANCIAL PERFORMANCE

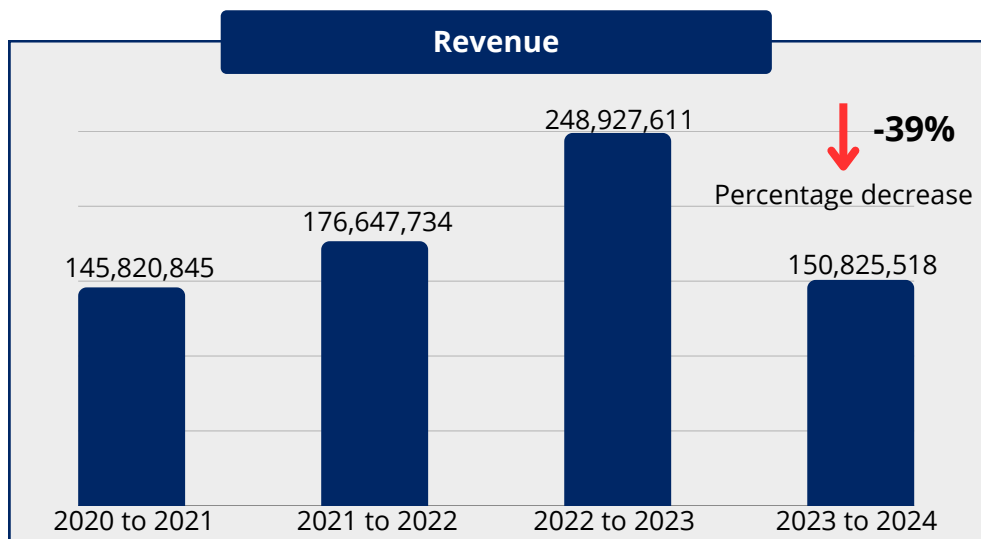
Non-Current Assets



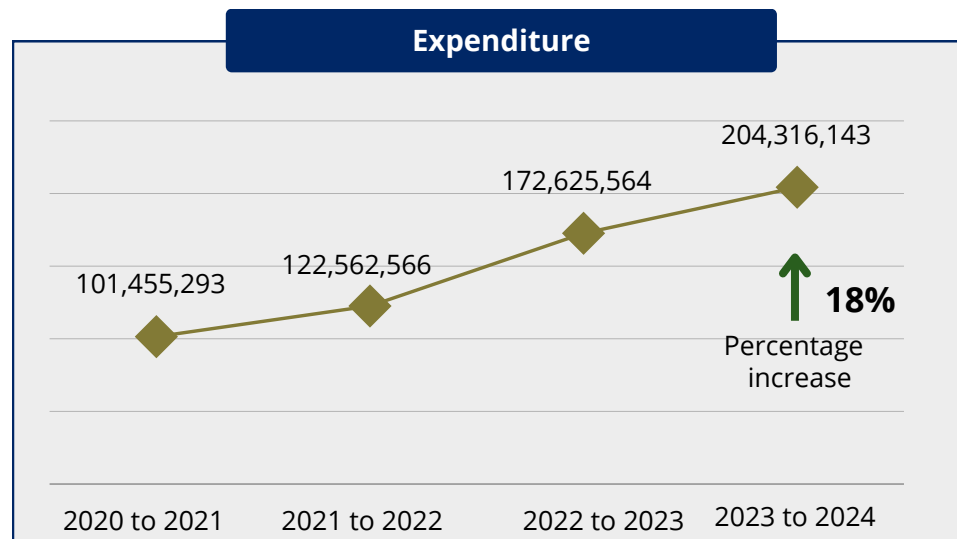
Retain Earnings



Revenue

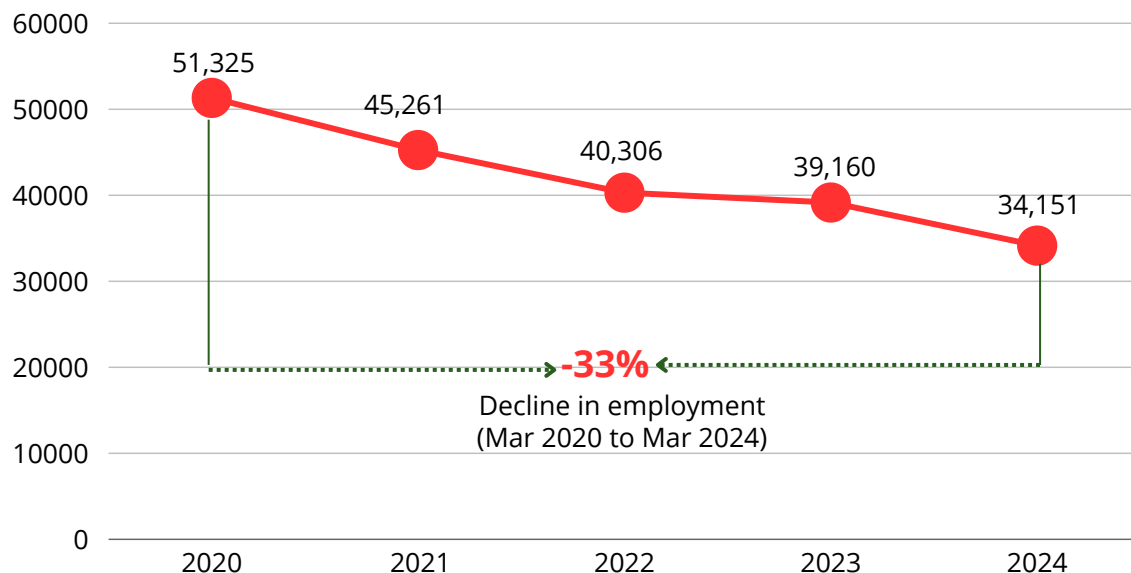


Expenditure



INVESTMENT AND TRADE PROMOTION

Industry Employment Trend



Strategic Projects (under preparation)

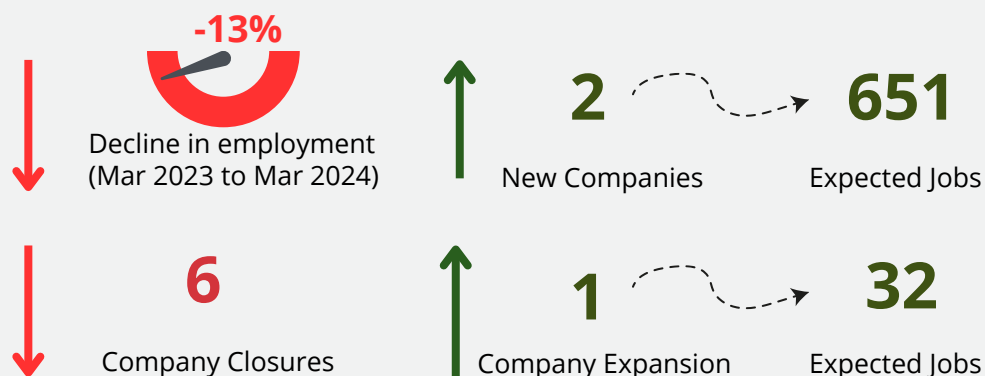
- Litholoana tsa Basotho (Pty) Ltd
- Fertilizer Manufacturing Project
- Poultry Project
- Business processing outsourcing - call centers

Trade Promotion Events

- Textiles and Apparel Cluster Development Workshop
- Trade Facilitation Office Canada (TFOC) workshop
- Local Supplier Development Programme (LSDP) meetings
- WRAP Certification site visit
- Seminar on China-Africa cooperation leveraging on AfCFTA

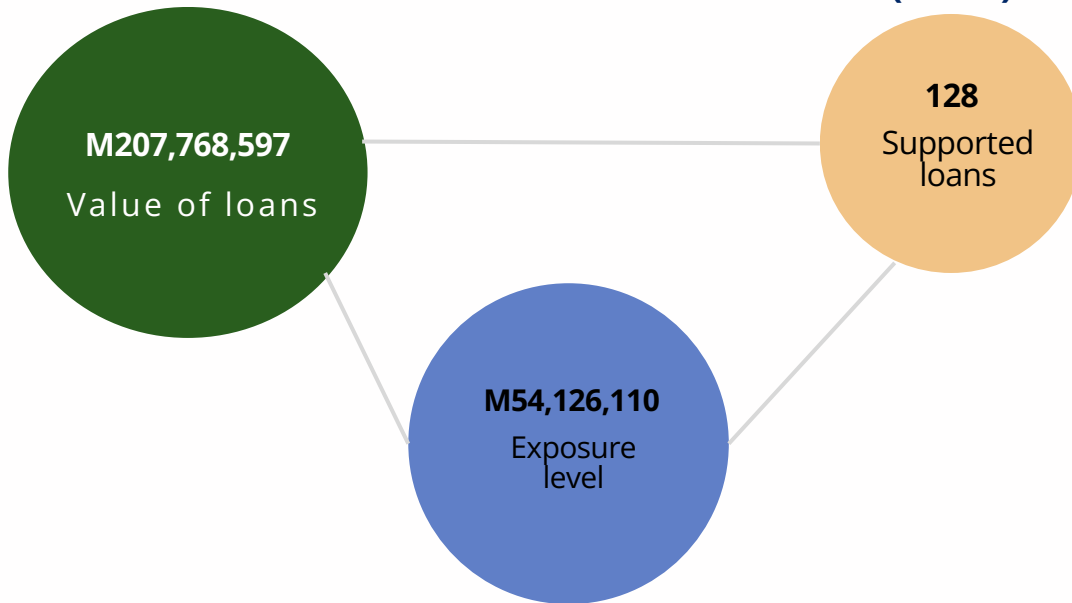
Investment Climate and Industrial stability

- LNDC continues to advocate for investment climate reforms.
- Management of relations between investors and stakeholders (Employees and service providers).

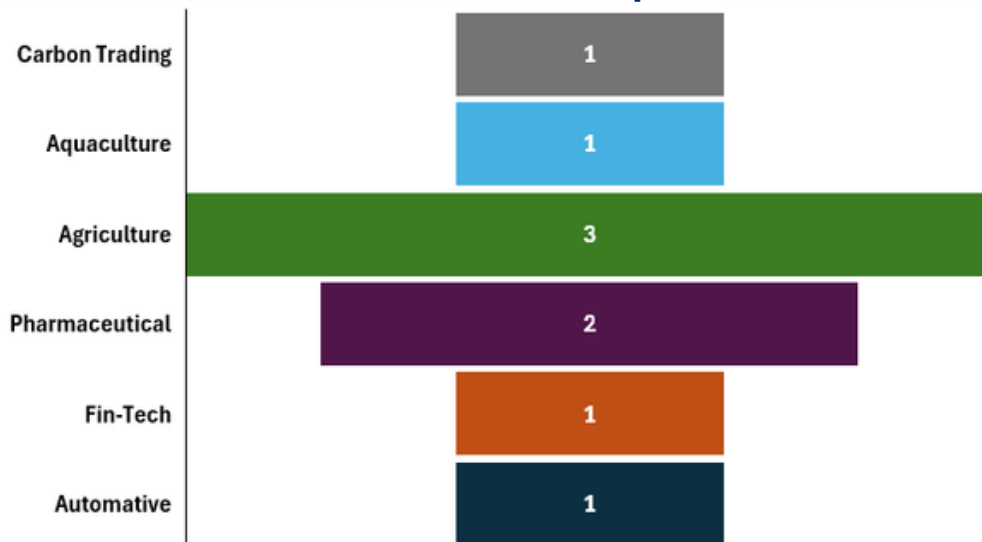


DEVELOPMENT FINANCE

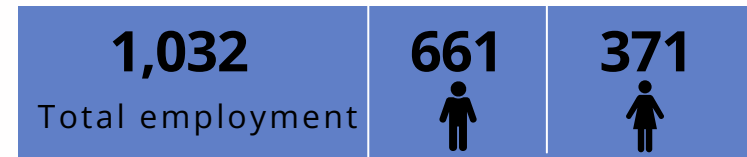
Covid-19 Partial Credit Guarantee (CPCG)



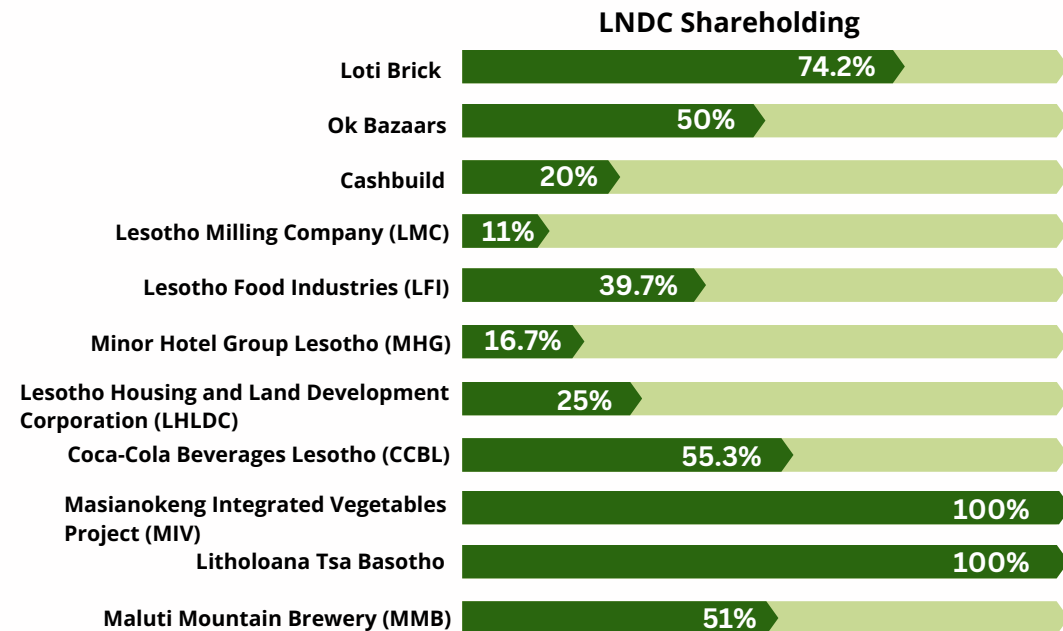
Investment Prospects



Equity Portfolio



Equity Portfolio Companies



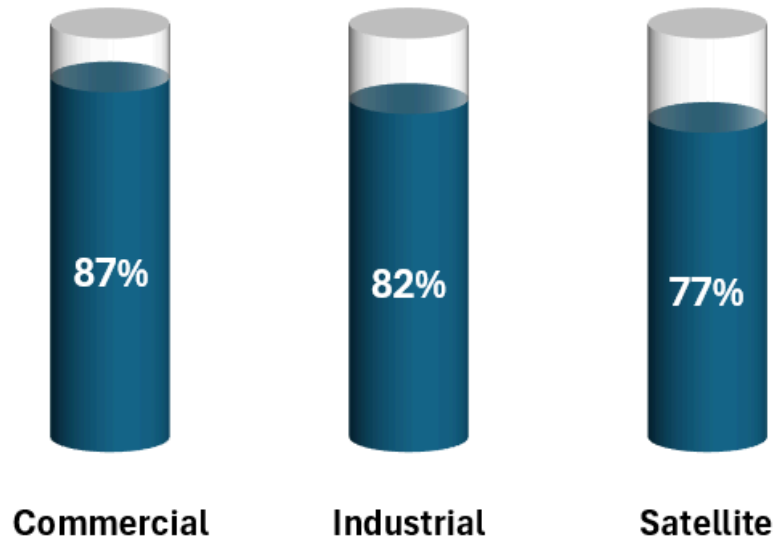
Supply Chain Finance

M30 million

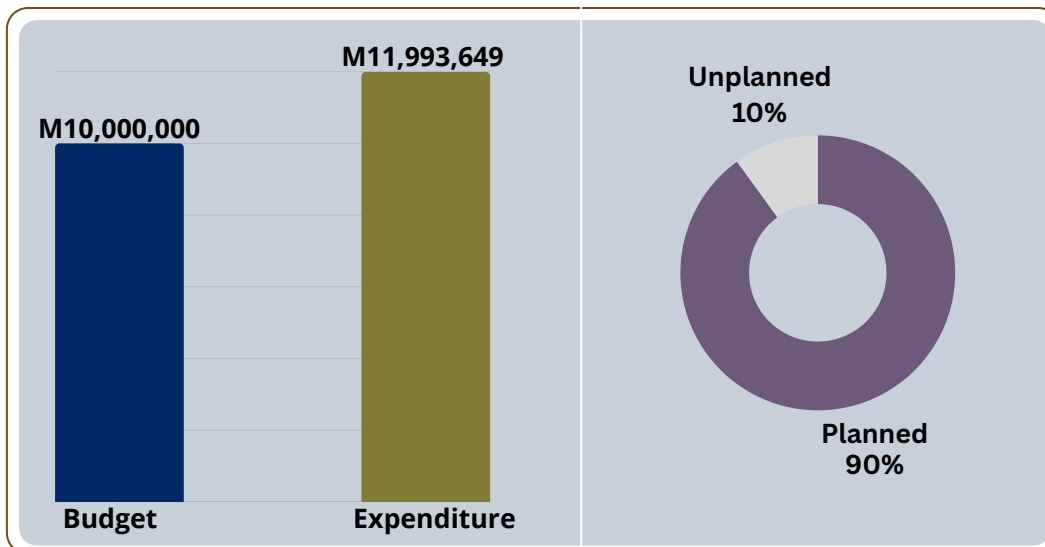
Bespoke credit facility for Mendi Group to facilitate a fuel supply contract with Lets'eng Diamond

PROPERTY DEVELOPMENT AND MANAGEMENT

Average Property Occupancy by Portfolio

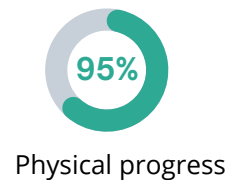
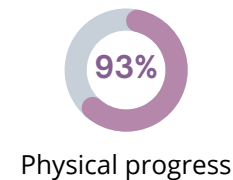
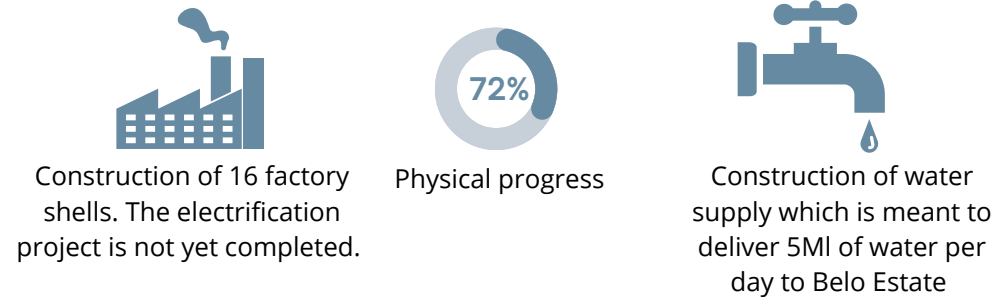


Maintenance



Construction Projects

Belo Industry Estate and Water Augmentation Project



CORPORATE SERVICES



Research, Planning, Monitoring and Evaluation

- High Value-Adding Industries Analysis Report 2024
.....
- Adoption of Scientrix platform for Strategic Plan Performance Monitoring.
.....
- Corporate Strategy Monitoring Report
.....
- Industrial Performance Reports.
.....
- Global Economic Freedom Summary Report 2023.
.....
- Corporate Monitoring and Evaluation framework.
.....
- Global Risk Summary Report 2023.



Information technology

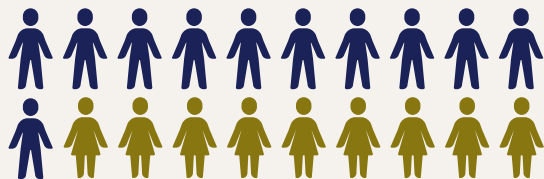
- Automation of procurement processes through integration of 4Flow with sage ERP.
.....
- IT Policy developed.
.....
- Disaster Recovery Plan in place.
.....
- Adoption of Microsoft 365 SharePoint and One Drive.
.....
- Monitoring and reporting of cybersecurity.

LEGAL AND ADMINISTRATION SERVICES

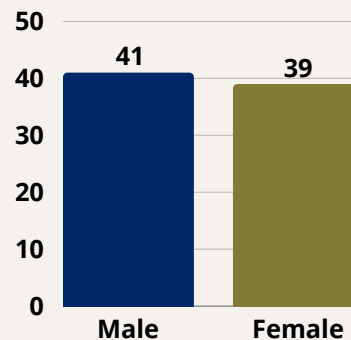
Human Resource

Total Staff Members

80



Number of staff members by gender



Trainings

- Training of Managers on Coaching.
- IT and Human Resource officials trained on integration of ESS and PMS.

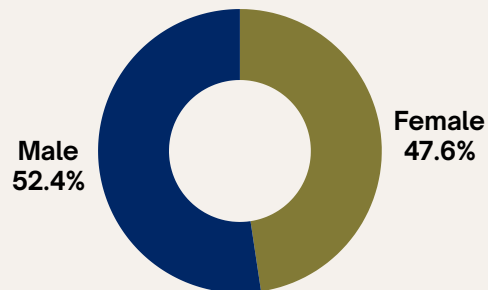
Staff Welfare

- Staff gym launch.

Other

- Initiated implementation of Performance Management System (PMS).

Percentage of Management by gender



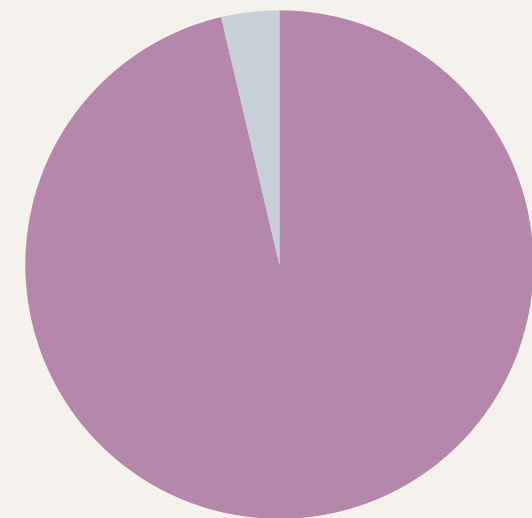
4

Newly recruited staff

Proportion of Procurement by Origin and Amount Spent

International Suppliers (M941,432.76)

3.7%



Local Suppliers (M24,6million)

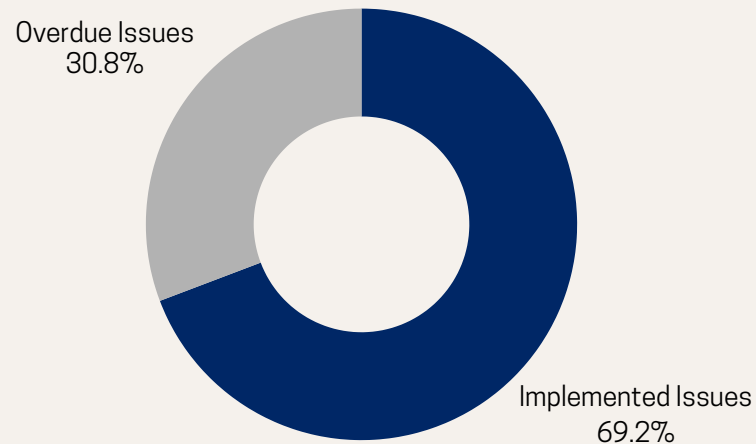
96.3%

Origin of Companies	Number of Transactions	Engaged Companies
Local Suppliers	534	235
International Suppliers	19	16
Total Suppliers	553	251

CHIEF EXECUTIVE OFFICE

Internal Audit

Audit Issues' Implementation Progress



Corporate Governance

The Board has undergone a robust Corporate Governance training with the Institute of Directors South Africa (IODSA)

New Board of Directors assumed duty in February 2024

Environmental Social Governance (ESG) policy developed

Corporate Communications

Number Reached Through Social Media



Facebook **423.6K**



Instagram **35.1K**

Risk Management



1

Strategic Risk

- Unstable political climate
- Undue political influence



2

Financial Risk

- Funding challenges for capital projects
- High rental arrears
- Concentration risk



3

IT Risk

- Cyber Attacks



4

Legal Risk

- Litigation Risk



5

Compliance and Regulatory Risk

- Regulatory non-compliance (Environmental)
- Governance risk (policy framework)

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 2024.

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 in the reporting year.

5. SECRETARY & CHIEF EXECUTIVE OFFICER

Interim Chief Executive Officer

Mr. Molise Ramaili

The Secretary

Mr. Katleho Sakoane

4. DIRECTORS

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

Mrs. Palesa Matobako (Chairperson)

Mr. Seretse Mohlouoa

Mr. Selikane Motseko

Mr. Letsoela Mofolisa

Mrs. 'Mabolaoana Phakisi

Mrs. 'Malabane Mokuoane

Mrs. 'Maseeiso Lekholoane

Mr. Relebohile Mosito

Mr. Khoabane Khalema

Ms. Lisebo Mositsi

Ms. Mahlape Ramoseme

6. PREPARER

The financial statements were internally compiled by:

Mrs. Rethabile Tsilo-Liphalana

7. AUDITORS

CGT and Associates Chartered Accountants on behalf of Office of the Auditor General

A small green plant with three leaves is growing out of a clear glass filled with various coins. The coins are mostly copper and silver, and are piled up to the brim of the glass. The background is a blurred, textured surface in shades of blue and white.

SECTION 4

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 March 2024

Figures in Loti	Note(s)	2024	2023 Restated*	2022 Restated*
Assets				
Non-Current Assets				
Property, plant and equipment		889,074,671	1,612,181,834	1,361,637,041
Investment property		557,216,281	571,929,557	546,105,075
Intangible assets		-	-	-
Investments in subsidiaries		282,391,356	267,222,362	205,355,675
Investments in associates		84,230,875	80,444,238	88,970,948
Loans receivable (at amortized cost)		55,823,775	13,160,303	11,154,293
Investments at fair value		37,629,610	37,692,966	30,774,413
		906,366,568	2,582,631,260	2,243,997,445
Current Assets				
Cash and cash equivalents		236,755,350	216,881,111	127,488,871
Trade and other receivables		69,213,859	145,531,709	105,151,545
Total Assets		212,335,777	2,945,044,080	2,476,637,861

STATEMENT OF FINANCIAL POSITION

Equity and Liabilities

Equity

Share capital	55,000,000	55,000,000	55,000,000
Reserves	2,190,081,332	1,840,081,332	1,438,081,332
Retained income	529,633,016	583,498,793	536,428,152
	2,774,714,348	2,478,580,125	2,029,509,484

Liabilities

Non-Current Liabilities

Borrowings	-	5,799,827	8,430,114
Financial liabilities at fair value	222,389,827	229,189,827	232,589,827
Retirement benefit obligation	-	20,353,806	19,322,557
Deposit For Shares	73,000,000	73,000,000	73,000,000
	295,389,827	328,343,460	333,342,498

Current Liabilities

Trade and other payables	138,949,470	134,838,363	110,503,747
Funds held on behalf of third parties	3,282,132	3,282,132	3,282,132
	142,231,602	138,120,495	113,785,879
Total Equity and Liabilities	3,212,335,777	2,945,044,080	2,476,637,861

STATEMENT OF COMPREHENSIVE INCOME

Statement of Profit or Loss and Other Comprehensive Income

Figures in Loti	Note(s)	2024	2023
Revenue	22	92,826,064	82,904,108
Other operating income	23	4,407,585	1,898,624
Other operating expenses		(204,316,143)	(172,625,564)
Operating loss		(107,082,494)	(87,822,832)
Investment income	26	53,591,869	164,124,879
Finance costs	27	(914,407)	(1,143,421)
Profit for the year		(54,405,032)	75,158,626

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				
Balance at 1 April 2022	55,000,000	1,441,410,907	533,544,705	2,029,955,612
Profit for the year			75,158,626	75,158,626
Developments Grants Received		400,000,000	3,337,565	403,337,565
Prior Year Adjustment		(3,337,565)	(454,118)	(3,337,565)
Other Comprehensive Income		2,007,990		2,007,990
Prior Year Adjustments	-		(28,087,985)	(28,087,985)
Balance at 1 April 2023 -RESTATED	55,000,000	1,840,081,332	583,498,793	2,478,580,125
Profit for the year	-		(54,405,031)	(54,405,031)
Prior Year Adjustment			539,254	539,254
Development Grants Received		350,000,000	-	350,000,000
Total comprehensive income for the year	-	350,000,000	(53,865,778)	296,134,222
Balance at 31 March 2024	55,000,000	2,190,081,332	529,633,016	2,774,714,348

STATEMENT OF CASH FLOW

Statement of Cash Flows

Figures in Loti

	2024	2023
Cash flows from operating activities		
Cash Generated from/ (used in) operations	(99,301,683)	(199,342,375)
Interest income	18,267,343	20,412,771
Dividends received	16,932,262	85,453,579
Finance costs	(914,407)	(1,143,421)
Net cashflow from operating activities	(65,016,485)	(94,619,446)

STATEMENT OF CASH FLOW

Cash flows from investing activities

Purchase of property, plant, and equipment	(1,145,497)	(3,727,579)
Purchases of investment property	(278,737,884)	(290,794,239)
Purchases of investments in subsidiaries, associates, or short-term investments	-	2,000,000
Sale of property, plant, and equipment	(68,130)	63,037
Net cash from investing activities	(279,951,511)	(292,458,782)

Cash flows from financing activities

Repayments of borrowings	(3,169,540)	(2,630,287)
Repayments of financial liabilities at fair value	(3,400,000)	(3,400,000)
Developments Grants Received (GOL)	350,007,990	400,000,000
Net cash from financing activities	343,438,450	393,969,713
Total cash movement for the year	(1,783,155)	6,891,484
Cash and cash equivalents at the beginning of the year	13,844,006	6,952,525
Cash and cash equivalents at the end of the year	12,060,848	13,844,006

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SECTION 5

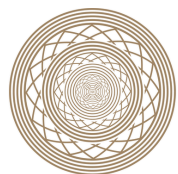
NATION BRAND PERFORMANCE



NATION BRAND PERFORMANCE

Nation Brand Pillars

The Nation Brand Initiative aims to showcase Lesotho's rich culture and craftsmanship, and how LNDC can leverage the five (5) identified key pillars to promote Lesotho as a preferred investment and sourcing destination. The Lesotho Nation Brand pillars are: Investment, Trade, Tourism, Development of Local Products, and Patriotism. These pillars form the foundation of the nation's vision for Prosperity and are intended to shape the country's future, promote Global recognition, and foster economic growth.

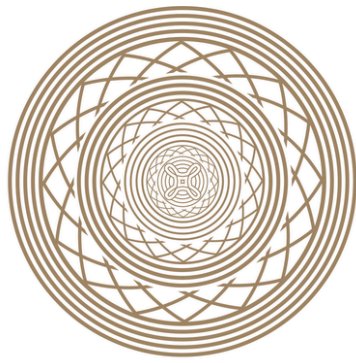


Nation Brand Milestones

In the reporting period, the Corporation facilitated the development stage of the Nation Brand and completed the following key milestones:

Key Milestones Achieved

- Influencer Strategy
- Creative Strategy
- Financing Strategy
- Brand Perception Study
- Blue Print/DNA
- Brand Architecture
- Logo and Corporate Identity
- Brand Image Library
- Brand Website



LESOTHO

Experience Elevation.

CONTACT INFORMATION

Lesotho Nation Brand

Block A, Development House, Kingsway Street
Maseru, Lesotho, 100

 (+266) 2223 1000 / 22312012

 <http://www.lesotho.ls/>

 info@Indc.org.ls

Social Media

 [Lesotho.ls](https://www.facebook.com/Lesotho.ls)

 [LesothoLs](https://www.x.com/LesothoLs)

 <https://www.linkedin.com/company/lesotho-ls>

 [lesotho_ls](https://www.instagram.com/lesotho_ls)

 <https://www.youtube.com/@LesothoNationBrand>

 https://www.tiktok.com/@lesotho_ls

CONTACT INFORMATION



Lesotho National Development Corporation

Block A, Development House, Kingsway Street
Maseru, Lesotho, 100



(+266) 2223 1000 / 22312012



www.lndc.org.ls



info@lndc.org.ls