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கைத்தொழில் அமைச்சு  
Ministry of Industries



# Kahatagaha Graphite Lanka Limited Performance Analysis Report

## **Kahatagaha Graphite Lanka Limited (KGLL)**

Graphite mining in Sri Lanka has occurred since the Dutch occupation of the country. It is the only country in the world to produce the purest form of graphite, vein graphite (also known as lump graphite), in commercial quantities, currently accounts for less than 1% of the world graphite production. Graphite (locally known as plumbago) mines were mostly located in north western and south western parts of the island.

Kahatagaha Mines are located in North western Province of Sri Lanka at Maduragoda, Rideegama Divisional Secretariat Division, Dodangaslanda in Kurunegala District, and managed by Kahatagaha Graphite Lanka Limited (KGLL). It is a fully state own company, established under the Companies Act No. 07 of 2007, purviewed by the Ministry of Industries.

Extend of the land of the Kahatagaha Mine is approximately 102 acres.

### **Uniqueness of Kahatagaha Product**

Sri Lanka is the only commercial source supply of high Carbon Natural Crystalline Vein graphite and particually Kahatagaha mine is capable of mining high purity Natural Vein Graphite over 99% carbon, in fully crystallized form. It is found as needles, lumps, rossets and flakes, enjoying monopoly of high carbon crystalline vein graphite, with low ash content, having a proven reputation of world market acceptance as a unique product.

### **Graphite Exports**

KGLL is an export-oriented Company and in 2022/23, its major export countries were Japan and Australia and company exports are depending mainly on two buyers.

Graphite is at the forefront with market analysts estimating that more than 300 new graphite mines will need to be built by 2030 to meet the demand for electric vehicle and energy storage batteries. Currently, there are around 70 graphite mines in operation, largely concentrated in China and Africa.

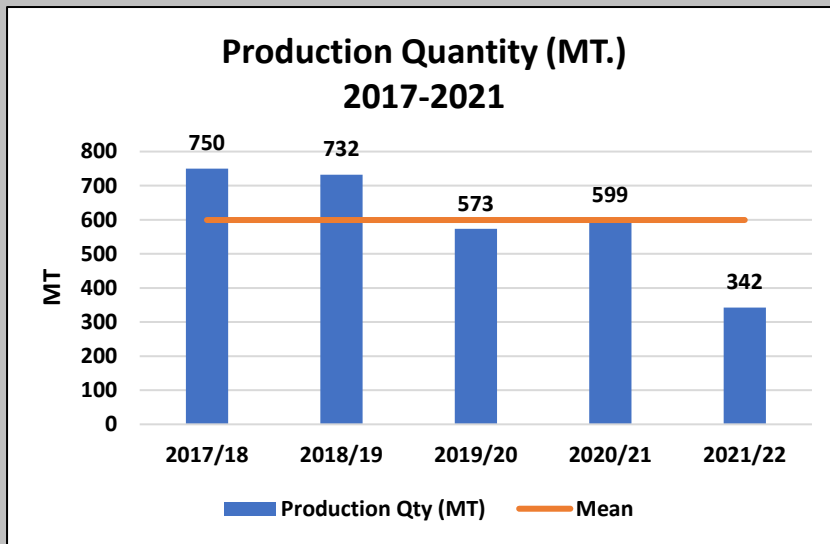
### **Graphite and future energy needs**

- The world graphite market is expected to grow to US\$21.6 billion by 2027 with graphite demand increasing by 500% between 2018 and 2050 (Source: World Bank)
- Global demand for batteries will compound 30% year-on-year to 2030 led by Li-ion batteries in electric vehicles (Source: McKinsey)
- Electric vehicles sales topped 6.5 million in 2021 – double the previous year and well ahead of forecasts – but EV competitiveness remains hostage to battery raw materials markets (Source: Wood Mackenzie)
- Renewable electricity growth is breaking all records. By 2026, renewable power capacity will match the total global power capacity of fossil fuels and nuclear combined (Source: International Energy Agency)
- Renewables will provide nearly half the world's energy by 2050 (Source: US Energy Administration)

- More than 300 new graphite mines will need to be built before 2035 to meet the demand for electric vehicle and energy storage batteries (Source: Benchmark Minerals Intelligence)
- Currently, there is no viable alternative to graphite and shortages could last for 20 years (Source: Benchmark Minerals Intelligence)

## Performance Analysis

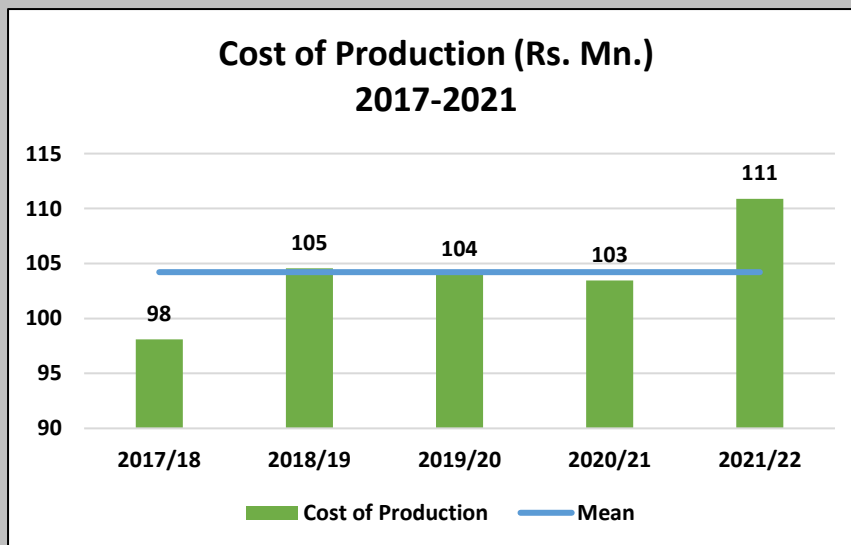
The company performance analysis is done based on data given by the company related to the years 2017 to 2021.



Mean (MT)	Median	Standard Deviation
599.2	599	163.72

Graph 1

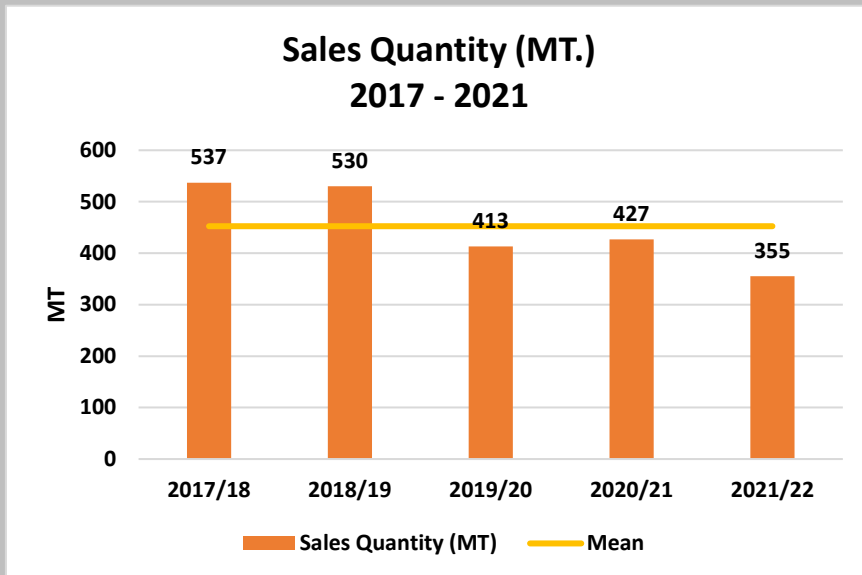
Graph 1 shows that Kahatagaha Graphite Lanka Limited (KGLL) has continuous decrease in production within the time period from 2017/18 to 2021/22.



Mean (MT)	Median	Standard Deviation
104	104	5

Graph 2

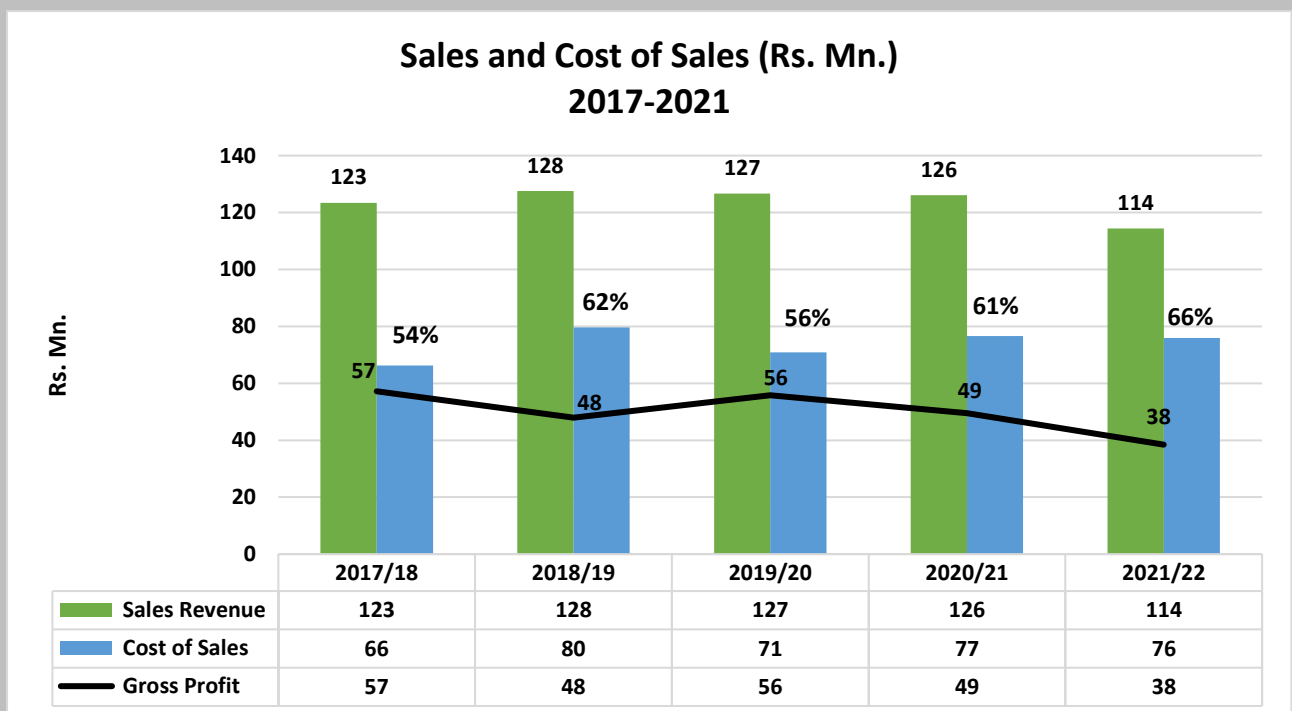
According to graph 2, in the year 2018/19 total cost of production of the company has increased compared to the year 2017/18. However, from 2019/20 to 2021/22 total cost of production has fluctuated. Highest cost of production occurred in the year 2021/22.



Mean (MT)	Median	Standard Deviation
452.4	427	78.84

Graph 3

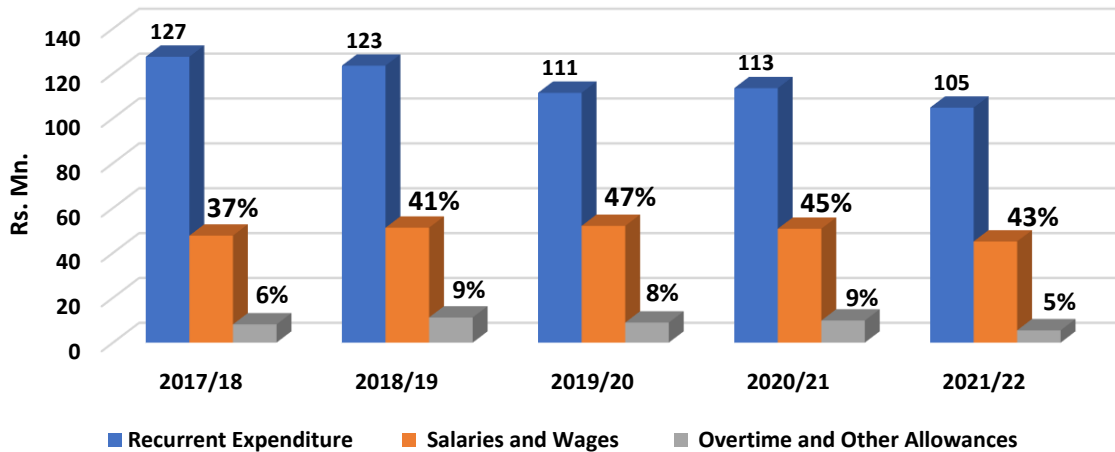
Sales quantity of Kahatagaha Graphite Lanka Limited (KGLL) has decreased gradually from year 2017/18 to 2021/22 except 2020/21 as per the graph 3.



Graph 4

KGLL sales revenue has fluctuated within the time period from year 2017/18 to 2021/22 as per graph 4. Within the same considered time period cost of sales also has fluctuated. Highest sales revenue achieved in the year 2017/18. From the year 2017/18 to 2018/19 gross profit has decreased and increased in 2019/2020. However, in the year 2021/22 gross profit has decreased.

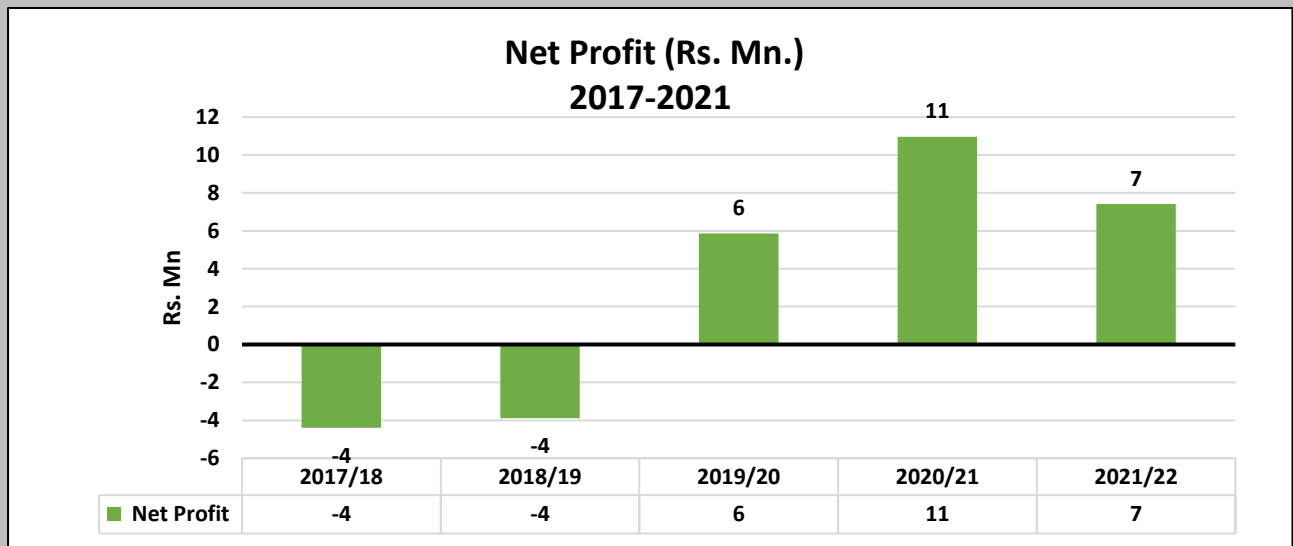
**Recurrent Expenditure, Salaries, Overtime & Other Allowances  
(Rs.Mn.)  
2017 - 2021**



Graph 5

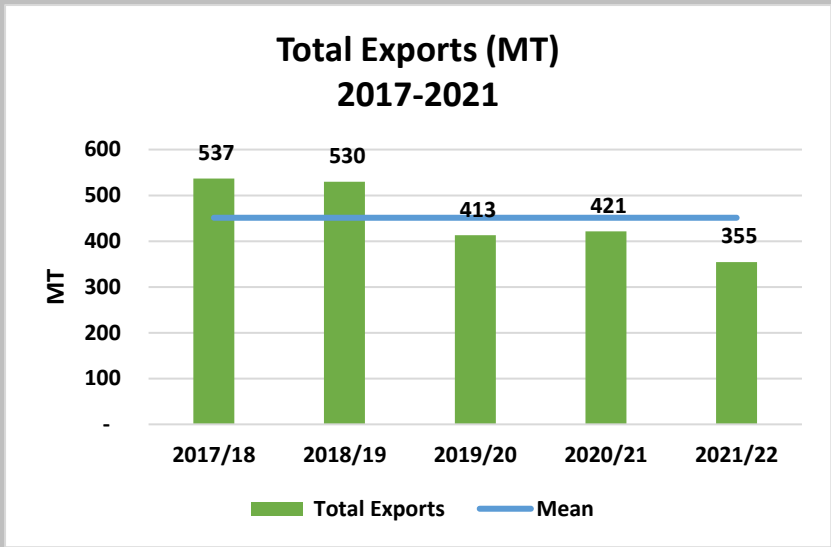
Description	2017	2018	2019	2020	2021
Recurrent Expenditure	127	123	111	113	105
Salaries and Wages	48	51	52	51	45
Overtime and Other Allowances	8	11	9	10	5

According to graph 5, recurrent expenditure has continuously decreased from the year 2017/18 to 2021/22. The salaries, overtime and other allowances has fluctuated within the considered time period from 2017/18 to 2021/22. The salaries and wages represent 37% - 47% from recurrent expenditure.



Graph 6

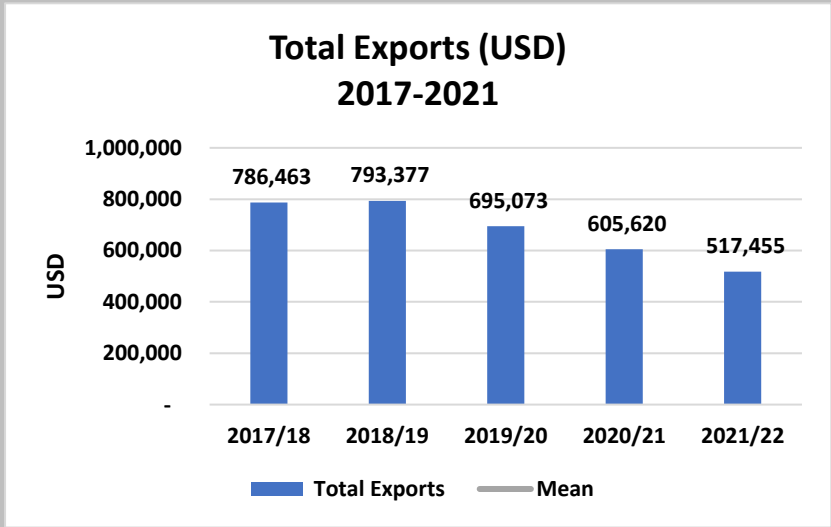
Graph 6 shows that KGLL has not earned any profits in years of 2017/18 and 2018/19. However, from the year 2019/20 onwards company has increased their profits and the profits has fluctuated within the considered time period from the year 2019/20 to 2021/22. The highest profit of Rs. 11 Mn. earned in the year 2020/21 which is approximately 50% increase compared to the year 2019/20.



Mean (MT)	Median	Standard Deviation
452.4	427	78.84

Graph 7

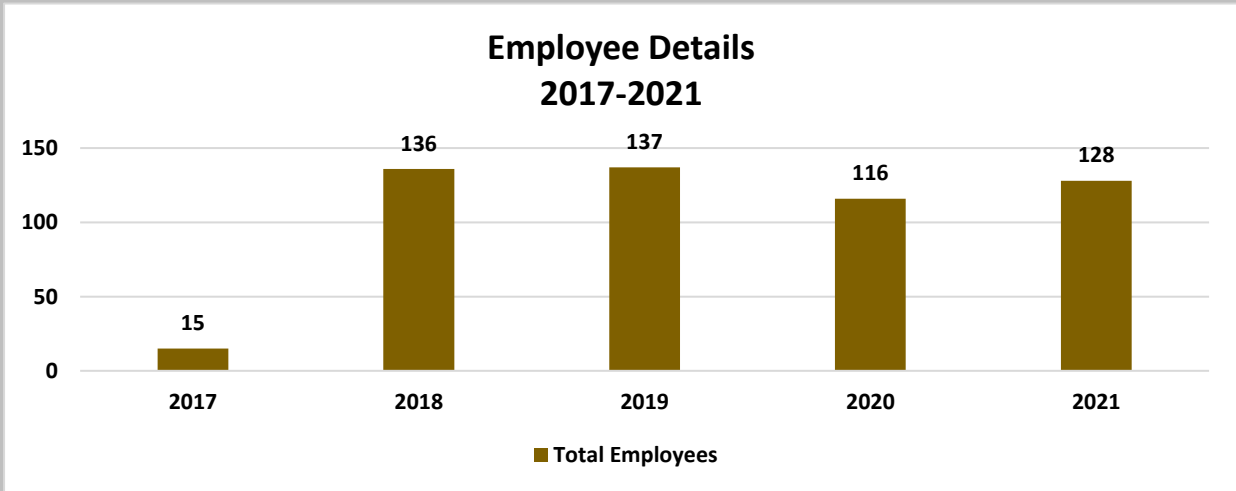
According to graph 7, KGLL total exports quantity has decreased from year 2017/18 to 2020/21.



Mean (MT)	Median	Standard Deviation
679,597.60	695,073	118710.11

Graph 8

Graph 8 shows that, KGLL total exports value has decreased from year 2017/18 to 2020/21.



Graph 9

As per graph 9, the total number of employees in the KGLL has increased from 15 employees to 136 employees from the year 2017 to 2018. At present the company has 128 of total employees.

## **Observation and Recommendations**

- ❖ Sri Lanka is the only commercial source of supply of high Carbon Natural Crystalline Vein Graphite and particularly Kahatagaha Mine is capable of mining high purity Natural Vein Graphite over 99% carbon, in fully crystallized form.
- ❖ With having a proven reputation of world market acceptance as unique product provider Kahatagaha Graphite Lanka Limited have huge opportunity to cater and established in the world market.
- ❖ Getting the advantage of that company can enhance the production and sales which will leads to better profits.
- ❖ Company performance over the years 2017 to 2021 shows that decrease in both production and sales.
- ❖ Preparing overall strategic plan along with annual production and sales forecast will positively affect towards overall performance of the company and that will be help to get good understanding on activity planning in day today business processes.