



## FLASH NOTE | Impact of Wage Increase on Plantation Sector

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# Estate workers' daily wage increased by 29.6% to LKR 1,750

Sri Lanka's Ministry of Plantation and Community Infrastructure has signed an agreement with regional plantation companies (RPCs) to increase the daily wage of plantation workers to LKR 1,750.

This is in line with the 2026 Budget proposal, where it was decided to raise the current daily wage of LKR 1,350 by LKR 400.

**Under the agreement, LKR 200 of the increase (+14.8%) will be borne by the plantation companies**, while the remaining LKR 200 will be provided by the government, bringing the total daily wage to LKR 1,750.

The revised wage will be effective from 01 Jan 2026. Arrangements have been finalized for the Government to release its contribution to the regional plantation companies upon receipt of employee attendance records for January, which are scheduled to be submitted on 3 February.

Year	Minimum Daily Rate of Wages (LKR)	Daily Attendance Incentive (LKR)	Daily Price Share Supplement (LKR)	Budgetary Relief Allowance (LKR)	Total (LKR)
2017	405	105	30	140	680
2018	405	105	30	140	680
2019	700	-	50	-	750
2021	900	-	-	100	1,000
2024	1,350	-	-	-	1,350
2026	1,550	200	-	-	1,750

# Impact on listed counters: tea and rubber hit the hardest

The 14.8% (RPC's contribution) increase in wages is likely to increase the labor cost for listed plantation counters that are engaged in tea and rubber.

AGPL.N, MASK.N, TPL.N are some counters that have a high exposure to tea while KGAL.N and AGAL.N have high exposure to rubber.

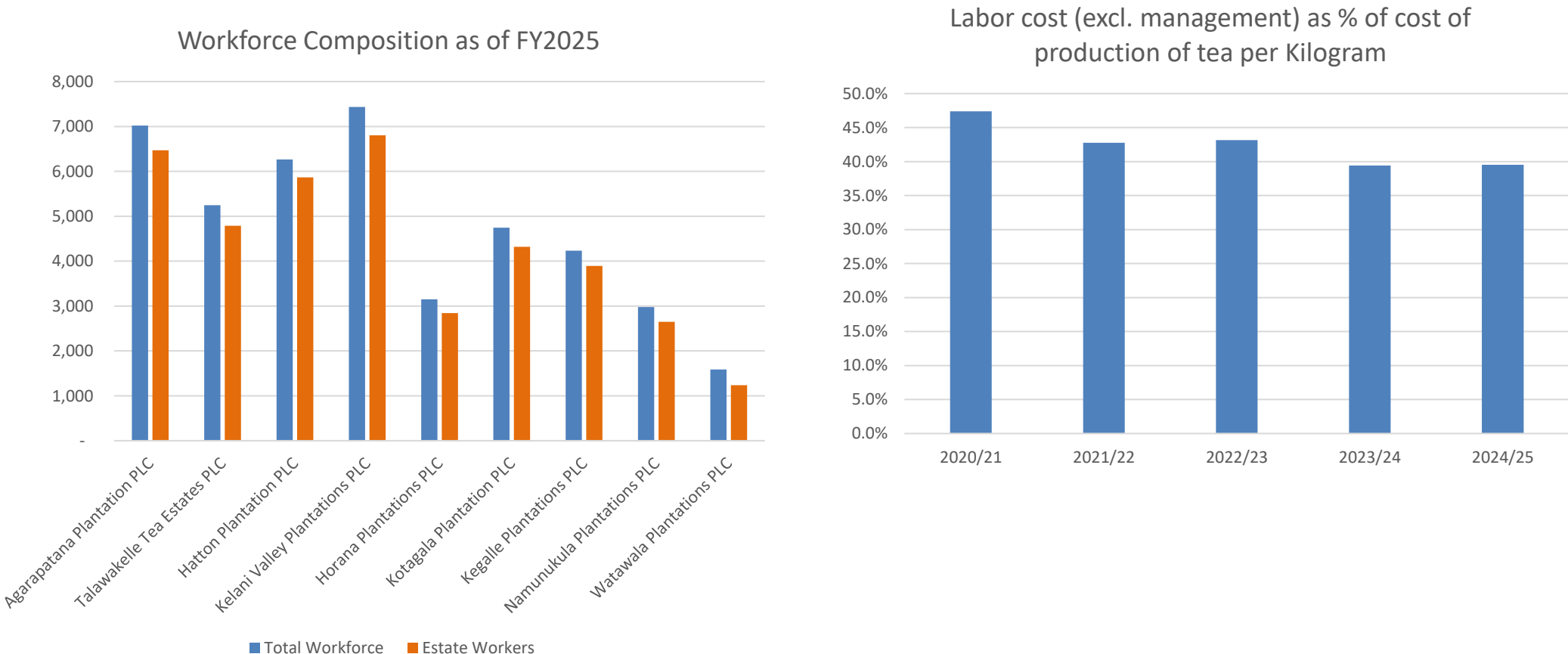
Tea and rubber are both highly labor intensive compared to palm oil cultivations which are comparatively less labor intensive.

Counters such as WATA.N, NAMU.N can expect a minimal impact due to the wage hike.

Company	Ticker	Total Area in Cultivation (Ha)		
		Tea	Rubber	Palm Oil
Agarapatana Plantation PLC	AGPL.N	6,398	N/A	N/A
Maskeliya Plantation PLC	MASK.N	5,366	N/A	N/A
Talawakelle Tea Estates PLC	TPL.N	3,913	190	N/A
Hapugastenne Plantations PLC	HAPU.N	3,522	1,641	N/A
Hatton Plantation PLC	HPL.N	3,490	N/A	N/A
Kelani Valley Plantations PLC	KVAL.N	3,138	3,362	N/A
Horana Plantations PLC	HOPL.N	1,874	882	250
Udapussellawa Plantation PLC	UDPL.N	3,148	56	N/A
Kotagala Plantation PLC	KOTA.N	2,401	2,175	526
Kegalle Plantations PLC	KGAL.N	2,278	6,979	57
Elpitiya Plantation PLC	ELPL.N	1,775	775	1,620
Namunukula Plantations PLC	NAMU.N	1,852	658	2,360
Agalawatte Plantations PLC	AGAL.N	1,237	4,054	1,324
Watawala Plantations PLC	WATA.N	136	140	3,394
Malwatte Valley Plantations PLC	MAL.N	N/A	N/A	N/A
Tea Smallholder Factories PLC	TSML.N	N/A	N/A	N/A
Bogawantalawa Tea Estates PLC	BOPL.N	3,367	973	N/A
Kahawatte Plantations PLC	KAHA.N	N/A	N/A	N/A
Balangoda Plantations PLC	BALA.N	3,738	1,229	N/A
Madulsima Plantation PLC	MADU.N	3,262	N/A	N/A

# Impact on the profitability of tea planting companies

With plantation companies bearing only LKR 200 of the estate workers' wage increase (+14.8%), and estate workers accounting for ~90% of the workforce while total estate worker costs represent ~40% of total cost of production, the net impact is a ~5.9% increase in total cost of production, implying meaningful margin compression in the absence of price offsets.



Source: Annual Reports, Department of Census and Statistics

# Potential Increase in Wage Cost of Tea and Rubber Companies

For plantation sector companies, the staff cost component attributable to estate workers is expected to increase by ~14.8%, driven by the revision in daily estate worker wages. Estate workers account for ~90% of the total workforce.

	Staff Cost Before (LKR)	Staff Cost After (LKR)	Increase* (LKR)	Per share impact*
Agarapatana Plantation PLC	3,282,162,574	3,657,364,574	375,202,000	0.75
Talawakelle Tea Estates PLC	3,318,500,000	3,596,262,000	277,762,000	5.85
Hatton Plantation PLC	3,258,651,000	3,598,995,000	340,344,000	1.44
Kelani Valley Plantations PLC	3,988,044,000	4,382,792,000	394,748,000	5.81
Horana Plantations PLC	1,635,793,000	1,800,571,000	164,778,000	6.59
Kotagala Plantation PLC	2,022,384,000	2,255,556,000	233,172,000	0.55
Kegalle Plantations PLC	1,248,931,000	1,404,731,000	155,800,000	6.23

\*The increase in staff costs and the resulting per-share EPS impact reflect solely the increase in estate workers' daily wages; the full-year EPS expectations remain subject to movements in other operating and macro variables.

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