

**Internal Financial Constraints, External Financial Constraints and Investment Choices: Evidence from Diversified Holding Companies Listed in Colombo Stock Exchange**

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This study has been conducted with the aim of identifying the impact of internal and external financial constraints on investment choices of diversified holding companies listed in Sri Lanka. For that purpose the data have been taken from all diversified holding companies for three years from 2012 to 2014 on annual basis. Regression Analysis Model has been used as the main analysis tool to examine the relationships in firm size and age under external financial constraints while cash flow and dividend payout ratio under internal financial constraints on investment choices. The findings showed that firm size, age and dividend payout ratio are not significant while cash flow is the only constraint which significantly related with investment choices in Diversified Holding sector in Sri Lanka.

**Keywords:** Firm size, Age, Cash flow, Dividend payout ratio, Investment choices

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