The state of company formation in Sri Lanka

Sector mix, ownership and foreign participation in new private limited companies

Published	July 2026
Edition	First edition
Prepared by	Bizadvisor

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Summary of findings

This report covers private limited companies incorporated in Sri Lanka through Bizadvisor. Registrations have climbed steadily: activity in 2025 ran at 4.9 times the 2020 level, and rose 36.7% on 2024 alone.

Period covered
2020 to 2025
Plus 2026 to date

Business activity classified
75.4%
of records state their objects

With foreign participation
9.6%
of 2025 registrations

Five patterns run through the data.

> Most of these companies are owned by one person. 83.1% have no more than two shareholders and 51.9% have a single owner holding every share. Only 1.8% have five shareholders or more.

> Wholesale, retail and trading is the largest category at 49.5% of classified registrations, ahead of manufacturing at 26.2%. The ranking overstates trading, because applicants add import and export clauses to filings as a precaution.

> The mix moved between 2024 and 2025. Tourism and hospitality gained 1.7 percentage points of registrations while media, advertising and communication lost 1.6.

> Foreign participation recovered after the economic crisis. It fell to 1.9% of registrations in 2022, reached 9.6% in 2025 and has held close to that since. India accounts for 29.1% of foreign shareholders, more than any other country.

> Foreign ownership splits between two distinct strategies rather than settling on one. 41.2% of companies with a foreign shareholder are wholly foreign owned, while 41.2% hold under half. Middling stakes are rare.

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Scope and method

This report describes **private limited companies** incorporated by Bizadvisor. It covers no other company type. Public companies, companies limited by guarantee, overseas companies and offshore companies are all excluded, so every figure here is a statement about the private limited segment alone.

It is also not a census of the Sri Lankan register. The firm's clients are not a random sample of new companies, so read this as a picture of one incorporation practice rather than of the whole economy.

What is published and what is not

Figures are published as shares, rates and index values. Growth is shown as an index against the first year of the period, so the shape and pace of the trend are readable without disclosing volumes.

How business activity is classified

Sri Lankan incorporation documents carry no industry code. What they carry is a statement of objects written by the applicant, running from two words to several paragraphs. Every statement was matched against a keyword list and mapped to sections of ISIC Rev.4, the international standard behind the Department of Census and Statistics classifications, so these figures can be set beside national data.

Two consequences follow. A company that states manufacturing and export is counted under both, so sector shares add up to more than 100 percent. And 24.6% of records carry no usable statement of objects and sit outside the sector base entirely.

Boilerplate that appears in nearly every filing, such as the clause permitting any other lawful object, was removed before matching. 0.0% of usable statements could not be assigned to a sector.

Reading the year figures

A company is counted in the year it was incorporated. 2026 is incomplete, because the data was extracted partway through it. Partial periods are drawn with hatched bars or hollow markers and are left out of every growth comparison.

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Formation volume

Registrations rose in every complete year of the period except one. The 2024 to 2025 change was 36.7%, and 2025 was the busiest complete year on record.

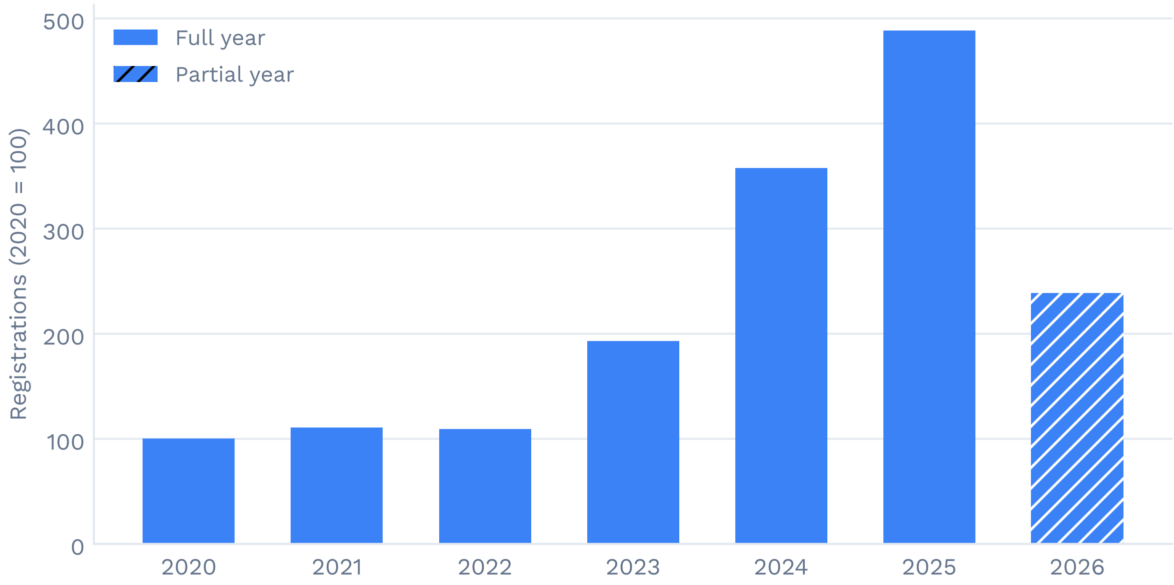

Figure 1: Registrations by year, indexed to 2020 = 100. 2026 is partial.

Quarterly figures show the same climb without a strong seasonal pattern. Company formation is not tied to a filing deadline the way tax work is, so volume tracks demand rather than the calendar.

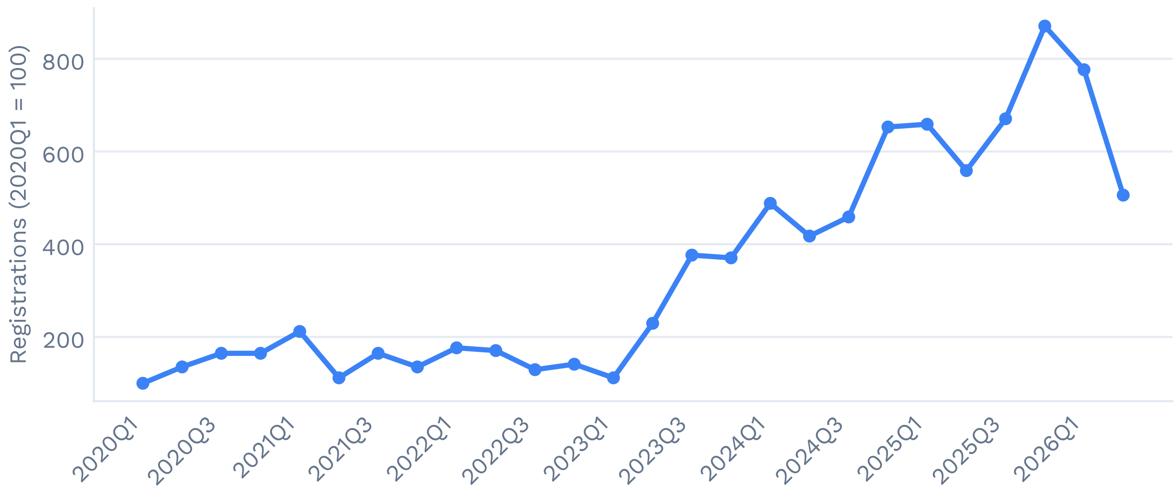

Figure 2: Registrations by quarter, indexed to the first quarter of the period. The incomplete current quarter is not shown.

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What these businesses do

Wholesale, retail and trading is the largest category at 49.5% of classified registrations. That rank is partly an artefact of how objects clauses are written: import, export and general trading get added to a great many filings whether or not trading is the main activity. The categories below it carry more information, because a company only claims manufacturing or hospitality when it means it.

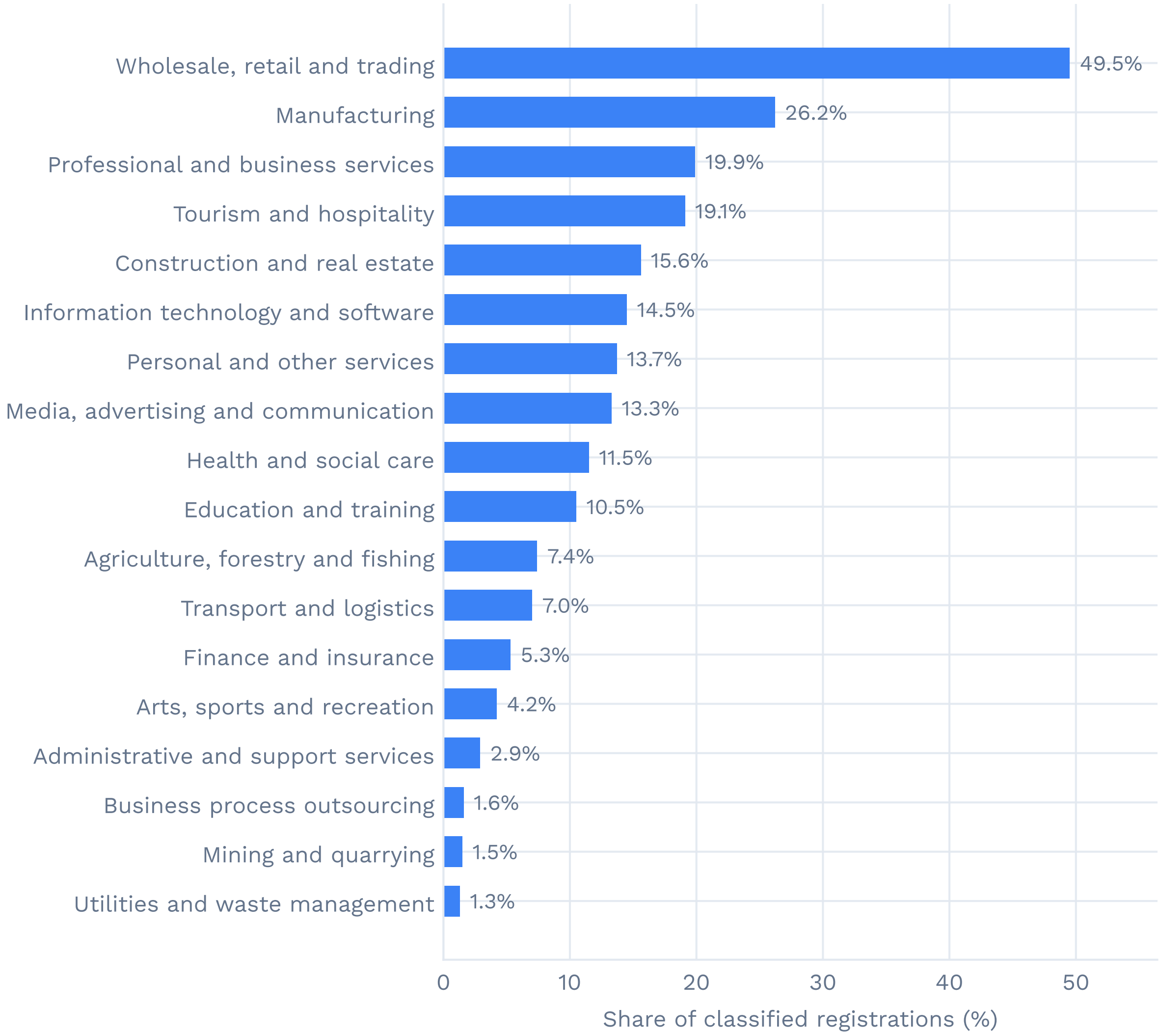

Figure 3: Share of classified registrations by sector. Companies stating several activities appear in more than one bar.

Sector	Share of registrations
Wholesale, retail and trading	49.5%
Manufacturing	26.2%
Professional and business services	19.9%
Tourism and hospitality	19.1%
Construction and real estate	15.6%
Information technology and software	14.5%

Sector	Share of registrations
Personal and other services	13.7%
Media, advertising and communication	13.3%
Health and social care	11.5%
Education and training	10.5%
Agriculture, forestry and fishing	7.4%
Transport and logistics	7.0%

Base: private limited companies with a usable statement of objects. Shares sum above 100 percent because a company can hold more than one sector. The full table is in the appendix.

How the mix is changing

Sector shares move slowly, which is what you would expect when the underlying population grows this fast. A category has to gain a lot of new companies just to hold its share.

Figure 4: Each sector's share of registrations by year. The hollow marker is the partial year.

Between 2024 and 2025, tourism and hospitality rose from 7.5% to 9.2% of registrations. Over the same two years media, advertising and communication fell from 6.4% to 4.8%.

Figure 5: Change in share of registrations between the two most recent complete years. Sectors appearing in fewer than ten registrations across both years are excluded.

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Ownership and control

Most new private limited companies are formed by one person or two. 83.1% have no more than two shareholders, and the director count follows the same shape, which suggests owners are running these businesses themselves rather than appointing outside management.

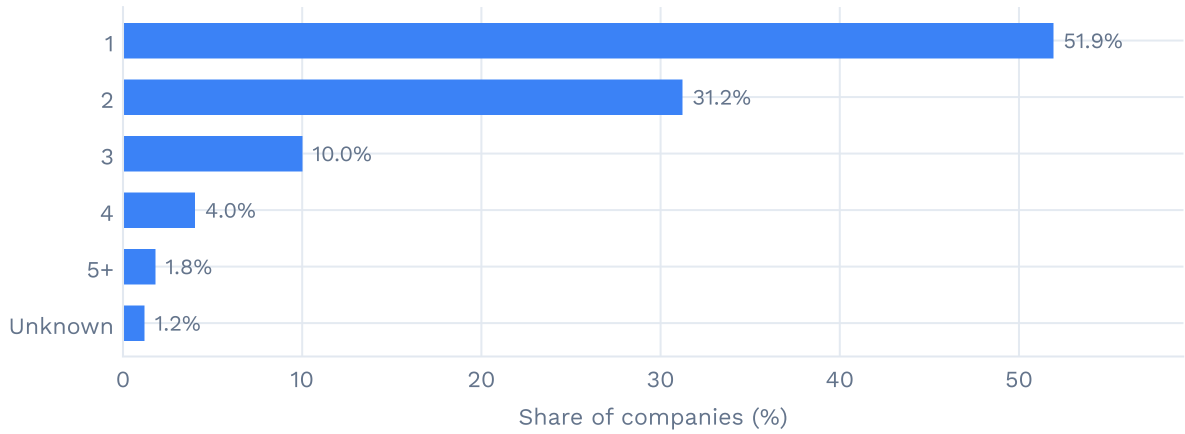

Figure 6: Active shareholders per company.

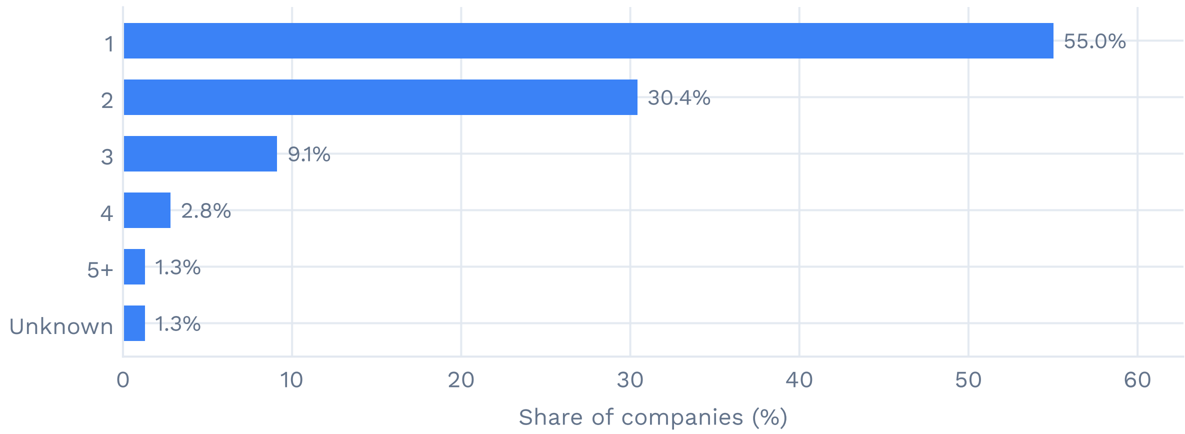

Figure 7: Active directors per company.

How shares are split

Where there is more than one shareholder, an even split is the common arrangement. 23.0% of companies divide their shares equally, against 51.9% held by a single owner. Splits that leave one shareholder with a controlling block are less common, at 5.7%. That matters for anyone reading these companies as investment targets, because a fifty-fifty holding needs both parties to agree before anything can be sold.

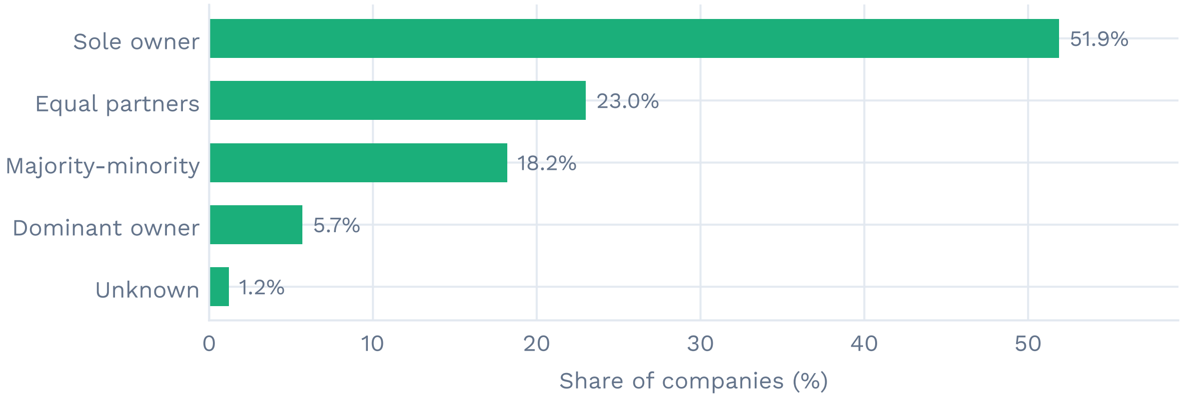

Figure 8: How shareholdings are divided. Equal partners hold identical share counts. A dominant owner holds at least 75 percent.

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Foreign participation

8.1% of the private limited companies in this population have at least one foreign director or shareholder. The rate moved with the wider economy. It fell to 1.9% in 2022, during the currency crisis and import controls, then recovered to 9.6% by 2025 and has stayed close to that level.

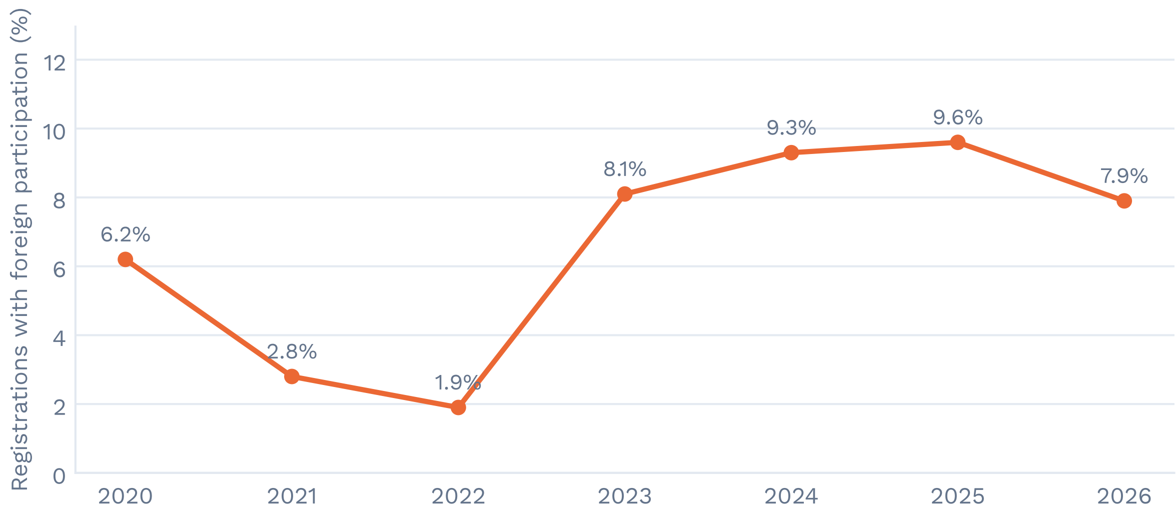

Figure 9: Share of registrations with at least one foreign director or shareholder.

Where foreign owners come from

Foreign shareholders here declare 33 countries of origin, but the distribution is top heavy. India, Maldives and United Kingdom together account for 49.1% of all foreign shareholders.

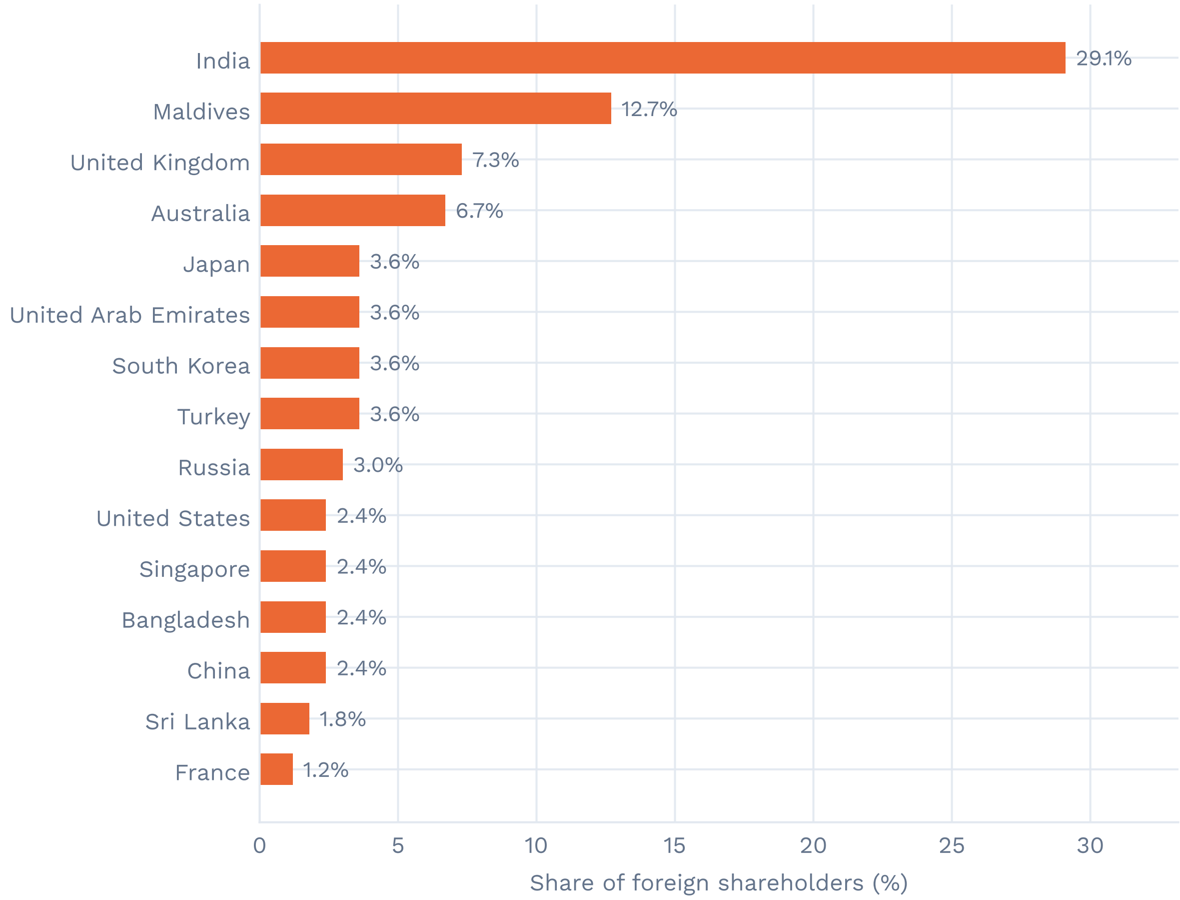

Figure 10: Origin of foreign shareholders, by declared country.

How much they own

Foreign holdings cluster at the two ends of the range. 41.2% of companies with a foreign shareholder are wholly foreign owned, and 41.2% hold under half. Stakes in between are uncommon. The split fits two different intentions: a foreign founder setting up their own subsidiary, or an outside investor taking a position in a business that stays locally controlled.

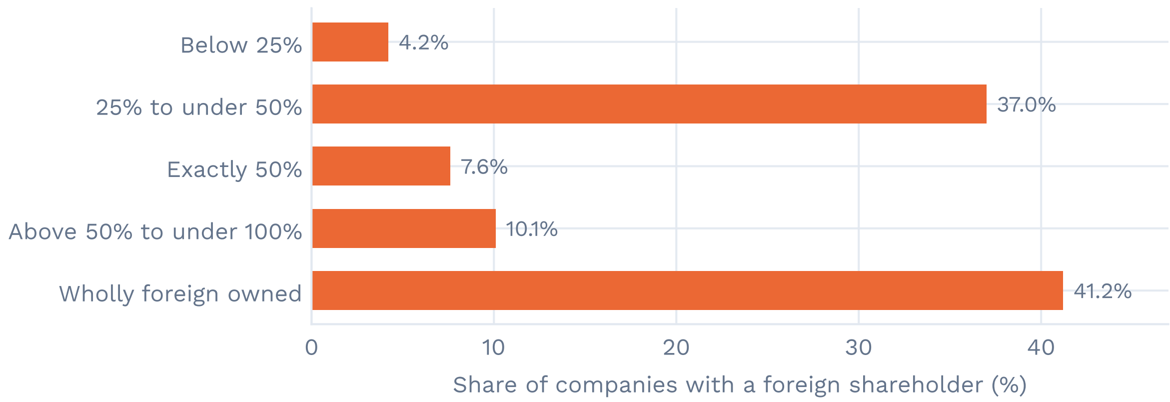

Figure 11: Combined foreign shareholding in companies that have one.

Which sectors they choose

Foreign backed companies concentrate differently from local ones. The gap is clearest in professional and business services, which takes 13.3% of foreign backed registrations against 8.4% of local only ones.

Figure 12: Sector concentration of foreign backed companies against local only companies.

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Where companies register

Registered office addresses cluster heavily around Colombo. Colombo alone accounts for 50.5% of companies with a recorded district, and the top three districts together account for 75.1% across 24 districts in all. A registered office is an administrative address rather than a place of business, so this measures where companies choose to be reachable, not where they trade.

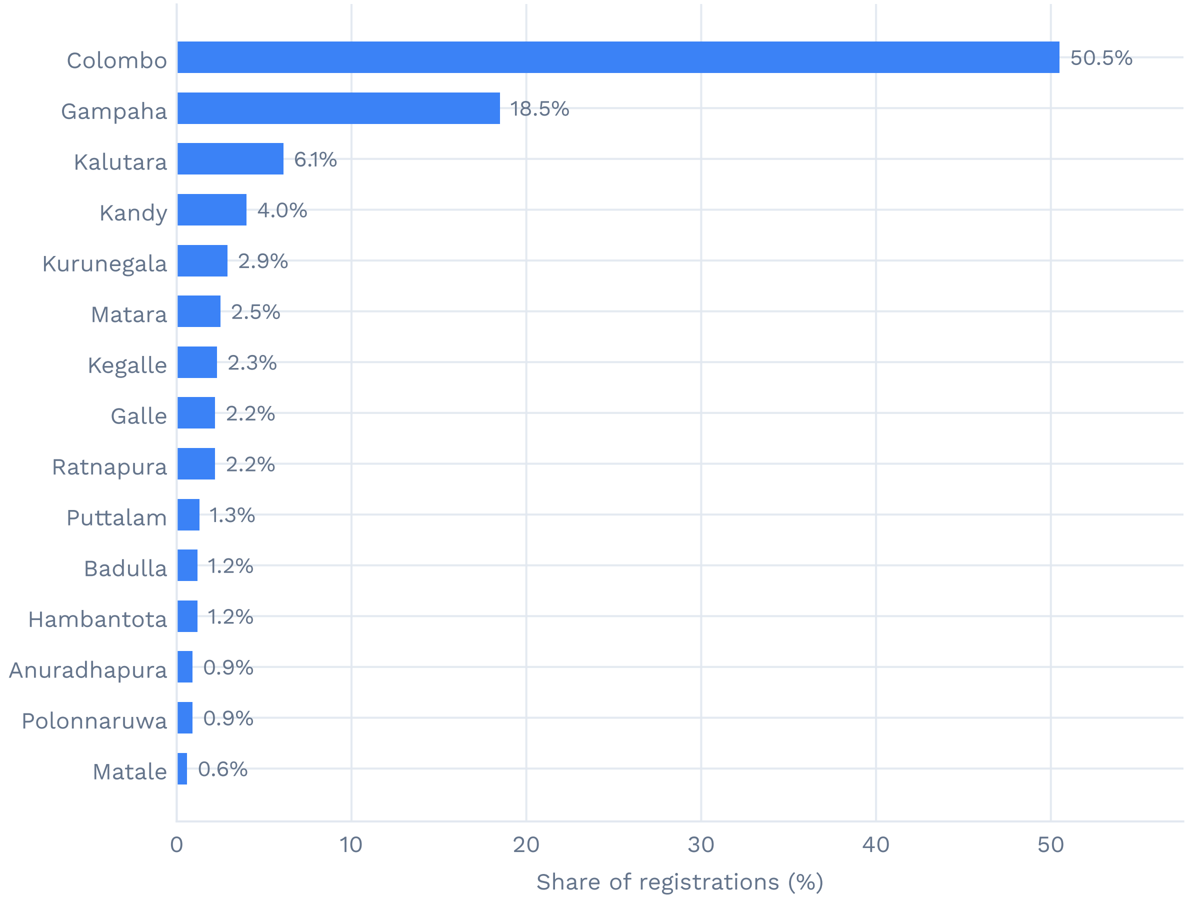

Figure 13: Registrations by district of the registered office.

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Limits of this data

Four limits are worth stating plainly.

The population is self selected. These are private limited companies formed through one incorporation firm, and firms attract particular kinds of client. Sector shares here will differ from the national register.

Classification is keyword based. It reproduces what applicants wrote, including the habit of claiming broad objects, and it cannot separate a genuine trading business from one that listed trading as a precaution.

Nationality is recorded as a flag rather than a verified status. Foreign participation comes from the declared nationality of directors and shareholders, and a dual national or a returning resident may be recorded either way.

The record improves over time. Earlier years hold fewer companies and less complete descriptions, so comparisons before 2020 are unreliable and are not shown.

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Appendix

All sectors

Sector	Share of registrations
Wholesale, retail and trading	49.5%
Manufacturing	26.2%
Professional and business services	19.9%
Tourism and hospitality	19.1%
Construction and real estate	15.6%
Information technology and software	14.5%
Personal and other services	13.7%
Media, advertising and communication	13.3%
Health and social care	11.5%
Education and training	10.5%
Agriculture, forestry and fishing	7.4%
Transport and logistics	7.0%
Finance and insurance	5.3%
Arts, sports and recreation	4.2%
Administrative and support services	2.9%
Business process outsourcing	1.6%
Mining and quarrying	1.5%
Utilities and waste management	1.3%

Foreign shareholders by country

Country	Share of foreign shareholders	Share of foreign backed companies
India	29.1%	24.2%
Maldives	12.7%	11.7%
United Kingdom	7.3%	7.8%
Australia	6.7%	6.2%
Japan	3.6%	3.9%
United Arab Emirates	3.6%	4.7%
South Korea	3.6%	3.9%
Turkey	3.6%	1.6%
Russia	3.0%	3.1%
United States	2.4%	2.3%
Singapore	2.4%	3.1%

Country	Share of foreign shareholders	Share of foreign backed companies
Bangladesh	2.4%	3.1%
China	2.4%	3.1%
Sri Lanka	1.8%	2.3%
France	1.2%	0.8%
Canada	1.2%	1.6%
Italy	1.2%	1.6%
Austria	1.2%	1.6%
Poland	1.2%	1.6%
Pakistan	1.2%	1.6%
Hong Kong	0.6%	0.8%
Cambodian	0.6%	0.8%
Cyprus	0.6%	0.8%
Czechia	0.6%	0.8%
Dominica	0.6%	0.8%
Iran	0.6%	0.8%
Israel	0.6%	0.8%
Germany	0.6%	0.8%
Jordan	0.6%	0.8%
Romania	0.6%	0.8%
Qatar	0.6%	0.8%
Malaysia	0.6%	0.8%
United Kindom	0.6%	0.8%

Registrations by district

District	Share of registrations
Colombo	50.5%
Gampaha	18.5%
Kalutara	6.1%
Kandy	4.0%
Kurunegala	2.9%
Matara	2.5%
Kegalle	2.3%
Galle	2.2%
Ratnapura	2.2%
Puttalam	1.3%
Badulla	1.2%
Hambantota	1.2%

District	Share of registrations
Anuradhapura	0.9%
Polonnaruwa	0.9%
Matale	0.6%
Nuwara Eliya	0.6%
Ampara	0.5%
Moneragala	0.4%
Trincomalee	0.4%
Batticaloa	0.3%
Vavuniya	0.2%
Mullaitivu	0.1%
Kilinochchi	0.1%
Jaffna	0.1%