



**FREE CASH FLOW AND PROFITABILITY: A STUDY ON DHAKA
STOCK EXCHANGE LISTED FIRMS**

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FREE CASH FLOW AND PROFITABILITY: A STUDY ON DHAKA STOCK EXCHANGE LISTED FIRMS

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ABSTRACT

The main purpose of this study is to investigate the relationship between free cash flows and profitability of the Dhaka stock exchange (DSE) listed non-financial firms. The study adopted an econometric model and applied on the profitability and explanatory variables of the 30 sampled DSE listed firms of Bangladesh. The study revealed that there are a positive and statistically 1% level of significant relationship exist between the free cash flows and profitability of the samples firms. It is suggested that the DSE listed non-financial firms are properly using their free cash flows for generating future profits which has turned into shareholders wealth. The finding also indicates there are no agency problem between the managers and shareholders of the firms in this issue. In addition, it is investigated the capital liquidity and firm size have positive and significant impacts on the firms' profitability. The findings of this study may lend a strong policy support for the policymakers and practitioners for the continuation of the firms' profitability and utilization of their free cash flows. Further, the findings may support the academician and investors for further research and investment on the DSE listed firms' of Bangladesh

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