ABSTRACT

A definitive objective of each organization is to improve the abundance of the investors. For that reason, liquidity and Profitability assume a fundamental part. This examination has an undertaking to know the effect of liquidity ratio on Profitability, that what liquidity can mean for the profit either emphatically or contrarily. The liquidity incorporates cash ratio, quick ratio, and current ratio, which measure the association's efficiency and execution of return on assets. This examination has been directed on the information of 15 firms in the Food area of Pakistan from 2014 to 2019. The essential objective of the examination is choosing the effect of cash ratio, current ratio, and quick ratio on profit (ROA). Also, these extents are the monetary devices to quantify the currentation and liquidity spot of firms. Further, it assists with realizing that organizations have stood, if pay, its monetary obligation. Likewise, it decides how firms can expand their profit by putting assets into an alternate class. It utilizes viable methodology and arrangements to defeat the adverse aftereffects of a liquidity issue. In this exploration, optional information is utilized. The information of both liquidity and Profitability ratio have been gathered from different sources, similar to the association's yearly budget summaries, joins, and different sources. Targets are accomplished through the investigation of gathered information by utilizing the fixed-effect (F.E) model and random effect (R.E) model . Besides, the The optimal model between (RE) and (FE) was determined using the Hausman test. The Results acknowledge the utilization of the (FE) model for this investigation to dissect the effect of liquidity (quick ratio, current ratio, and cash ratio) on Profitability to discover the negative or constructive outcome on a firm. They show the signifiant and insignificant relationship of liquidity factors to the Profitability of Food industries. This investigation discovering introduced that unimportant and negative relationship of current ratio with return on assets, cash ratio adversely affects return on assets. The quick ratio has a signifiant and positive relationship with return on assets.

Also, it is demonstrating that ceaseless advancement in the liquidity factors can prompt rising the profit of Food industries. . The findings suggest that companies have to increase their performance and profit by improving a firm's financial position of liquidity and performance. The signs of the after effects of this exploration are that organizations and firms ought to use their current assets at an ideal level to guarantee higher efficiency.