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# **A Study of the Relationship between Working Capital Management and Profitability (Case Study of Pharmaceutical Companies Accepted in Tehran Stock Exchange)**

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**Abstract:** The purpose of this study was to investigate the relationship between working capital management and profitability of companies. In this regard, pharmaceutical companies accepted in the stock market as a statistical society and 16 companies in this industry were ed as statistical samples and data for the four-year period of 89 to 90 were collected financial statements and databases. Data were then analyzed using simple and multivariate regression and SPSS software. The results indicate that all the research hypotheses were confirmed, meaning that the relationship between the cycle of cash changeover, the ratio of interest coverage, the ratio of debt to equity, the payout period, the inventory holding period, and the time period for receipt Claims with profitability (return on assets) have been meaningful. Meanwhile, the relationship between interest coverage ratio and positive profitability and other relationships was negative and significant. Also, in assessing the effect of variables on profitability in multiple regression test, debt ratio, and afterwards, inventory holdings have the most effect on profitability.

**Keywords :** Key words: Working Capital Management, Profitability, Pharmaceutical Industries Incorporated.

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