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# Impacts of equity financing on liquidity position of a firm

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## Abstract

It is concluded in the study that equity financing plays a central role in determination of the liquidity position of a firm. A 'U-shaped' relation between the equities and working capital has been observed, in the long-term. While, depreciation fund has been classified as a source of liquidity. It is the important conclusion that long-term debt may deteriorate the liquidity position of a firm. The study is based on a simulation analysis and 225 listed companies of the Karachi Stock Exchange are included in the model.

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