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DO OUTBOUND MERGERS & ACQUISITIONS AFFECT LIQUIDITY OF THE ACQUIRERS: A STUDY OF INDIAN ACQUIRING FIRMS

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Abstract:

The mergers and acquisitions present a good opportunity to corporates to accomplish financial and operational growth. The aim of this paper is to understand if there is an impact of cross border merger and acquisition on the liquidity position of the acquiring firm. In order to test this assumption, the pre and post-merger liquidity ratios of 30 Indian firms which had acquired a foreign firm during the period April 2008 to March 2018 were compared. The statistical tests for hypotheses that were used to analyze the data were Paired Samples t-Test and Wilcoxon Signed Ranks Test. The study found out that there is a negative impact on the post-merger performance of the acquiring firms.

Key Words:

Cross border mergers and acquisitions; Post merger performance; Liquidity; Indian Acquirers

Introduction:

Over the past few years, Indian firms are acquiring firms all over the globe to stay competitive in the business. Due to these overseas acquisitions they are able to maintain global customer base and thus assure growth in the markets world over. They are also able to acquire resources such as technology and intellectual property owing to these cross-border mergers and acquisitions.

But are all these cross-border acquisitions successful in producing positive impact on the liquidity position of the acquiring Indian firms, is the question that needs to be answered. This study is an effort towards that direction.

Literature Review:

Mergers and Acquisitions are considered to be the fastest mode for growth into new markets. But there is no evidence whether the aftermath is positive or negative. Many studies have been carried out to find the conclusive outcome, but we find that most of the results are contradictory to each other. There are two approaches to find out the impact of mergers on the acquiring firms viz. Event Study Approach and Financial Performance Study Approach.

Event Study Approach

Mandelker (1974), Asquith (1983), Jensen and Ruback (1983), Cornett and Tehranian (1992), Stegemoller (2002), Jose Manuel Campa & Ignacio Hernando (2005), Martynova, M. Oosting, S. and Renneboog, L. (2006), Rui, H.C. & Yip, G.S. (2008), Gubbi et al. (2010), Bhagat, Malhotra and Zhu (2011), Kohli and Mann (2011), Sun et al. (2012), Rao-Nicholson R., Salaber J. (2013), Banerjee et al. (2014), Tao et al (2017), Alexandridis, N. Antypas and N. Travlos, (2017), Kinateder, H. and Fabich, M. and Wagner, N., (2017), Zhou Y. and Atallah G. (2017) established that there is a positive impact on the shareholders' returns post-merger.

Whereas, Franks, J; Harris, R and Titman, S (1991), Agrawal A. and Jaffe J. and Mandelker, G. (1992), Datta, D. K., Pinches, G. E. and Narayanan, V. K. (1992), Loughran, T. and Vijh, A.M. (1997), Fuller (2002), Selden (2003), Conn (2004), Moeller (2004), Ettore (2005), Kyriazis and Diacogiannis (2008), Aybar and Ficici (2009), Dimitris Kyriazis (2010), Lamba and Tripathi (2013), Kohli (2013), Lebedev S., Peng M., Xie E., Stevens C. (2015) indicated that the shareholders' returns deteriorate after the merger or acquisition.

Financial Performance Study Approach

In case of Financial Performance study approach, B.Lev and G. Mandlekar (1970), Krishna Palepu (1985), Fowler, K. L. and Schmidt. D. R. (1986), Fowler, K. L. and Schmidt. D. R. (1989), Paul M. Healy and Krishna Palepu (1992), Switzer (1996), Manson et al (2000), Alok Ghosh (2001), Ramaswamy and Waegelein (2003), B. Rajesh Kumar (2007), could notice the positive impact on the financial performance of the firms involved in the merger.

On the other hand, Ravenscraft (1987), Agrawal A. and Jaffe J. and Mandelker, G. (1992), Healy et al (1997), Sharma and Ho (2002), Raj Kumar (2009), Dr. Neena Sinha, Dr. K.P.Kaushik & Ms. Timcy Chaudhary (2010), K. Ravichandran, Fauzias Mat-Nor and Rasidah Mohd-Said (2010), Rahahleh N. A. and Wei P. P. (2012), could observe positive change in the financial performance post-merger.

Significance of the Study:

As we can see from above literature review, numbers of studies have been conducted on performance evaluation of M&A, which have assessed M&A outcomes using different parameters. In spite of a substantial volume of literature, the debate about whether mergers are wealth creating or wealth reducing for the firms that are involved is a never ending one. No definite conclusion can be drawn from the various researches as they are contradictory to each other.

Also, most of these studies relate to developed economies, which cannot be generalized for Indian outbound mergers. Thus, there is a need to explore this area further.

Hence, this research is carried on to evaluate the impact of cross border mergers and acquisitions on corporate financial performance on liquidity front in the Indian context.

Objectives of the Study:

The main objective of this study was to measure the impact of cross border acquisitions on corporate financial performance of the acquiring firms in India taking into consideration its impact on liquidity of the firm. This objective can be listed as below:

a. To measure the impact of cross border mergers and acquisitions on Liquidity position of the acquiring Indian companies.

Hypotheses:

The main objective of this study is to measure the impact of cross border acquisitions on corporate financial performance in terms of liquidity of the acquiring firms in India.

Alternate Hypotheses:

H_A: There is a significant impact of cross border acquisition on liquidity position of the acquiring Indian companies.

This objective is further divided into following sub objectives:

H_{A1}: There is a significant impact of cross border acquisition on Cash Ratio of the acquiring Indian companies.

H_{A2}: There is a significant impact of cross border acquisition on Current Ratio of the acquiring Indian companies.

H_{A3}: There is a significant impact of cross border acquisition on Quick Ratio of the acquiring Indian companies.

Research Methodology:

This research is based on the data extracted from the sources such as Annual reports published by respective companies, Corporate database of Capitaline and Bloomberg, Web site of Securities and Exchange Board of India (SEBI), Web sites of Bombay Stock Exchange (BSE), National Stock Exchange (NSE), and Other related websites.

It encompasses the outbound mergers by Indian Companies done during the period 2008 to 2015, which turned out to be 795 cases. Out of these, deals which were terminated or pending were dropped and the number reduced to 734 deals. Also, the deals between parent and subsidiary firms were removed. The firms for which sufficient data was not available, were also dropped off. The final sample size used for the analysis is selected using **convenient sampling** and consists of 30 pairs of mergers consisting of 60 firms.

Tools for Analysis

Type	**Sr No.**	**Ratio**	**Definitions**
Liquidity ratio	1	Cash Ratio	Cash & Cash Equivalents/ Current Liabilities
	2	Current ratio	Current ratio / Current Liabilities
	3	Quick ratio	Liquid assets / Liquid liabilities

The parameters, mentioned above, have been calculated for six years on the basis of historical data obtained from Profit & Loss Statement as well as Balance Sheets for both pre-merger and post-merger period. While this data of six years can indicate trend but evaluation of performance would require two comparable figures.

We have therefore, reduced six years' data into two comparable figures:

- Average of three years' Pre-merger data
- Average of three years' Post-merger data

While MS Excel is used to calculate ratios mentioned above, the evaluation of results is done by use of SPSS- the software package. The data of comparable averages pre-merger period and post-merger period is inserted into SPSS software to see if there is any statistically significant change in performance of acquirer firm after M&A, using 'Paired Sample t-test" at confidence level of 0.05 or 95%. At the same time, another non-parametric test called Wilcoxon Signed Rank Test is also used to cross verify the results obtained by the above test.

Final Sample Firms Selected for Analysis

Deal Type	Announce Date	Completion Date	Target Name	Acquirer Name	Announced Total Value (mil.)
M&A	3/30/2010	6/8/2010	Bharti Airtel Africa BV	Bharti Airtel Ltd	10700
M&A	8/26/2008	3/9/2009	Imperial Energy Corp PLC	Oil & Natural Gas Corp Ltd	2607.16
M&A	5/3/2011	6/1/2011	Abbot Point X50 Coal Terminal	Adani Ports & Special Economic Zone Ltd	1961.64
M&A	3/26/2008	6/2/2008	Jaguar Land Rover Operations	Tata Motors Ltd	2300
M&A	9/16/2011	9/30/2011	Coal and Infrastructure Projects	GVK Power & Infrastructure Ltd,GVK Natural Resources Pvt	1260
M&A	2/22/2010	3/22/2010	Renuka do Brasil SA	Shree Renuka Sugars Ltd	1159.98
M&A	11/6/2012	12/20/2012	Houghton International Inc	GOCL Corp Ltd	1045
M&A	10/22/2012	1/4/2013	RUETGERS Germany GmbH	Rain Industries Ltd	916.74
M&A	12/15/2010	3/4/2011	Griffin Coal Mining Co Pty Ltd/T	Lanco Infratech Ltd	742.05
M&A	9/26/2008	12/16/2008	Axon Group Ltd	HCL Technologies Ltd	731.11
M&A	7/26/2011	9/27/2011	Holidaybreak Ltd	Cox & Kings Ltd	727.41
M&A	12/3/2010	12/3/2010	Skorpion Zinc Mine	Sterlite Industries India Ltd	707
M&A	11/23/2010	2/9/2011	Ssangyong Motor Co	Mahindra & Mahindra Ltd	702.96
M&A	11/1/2011	1/12/2012	Fortis Healthcare International Pt	Fortis Healthcare Ltd	665
M&A	5/16/2012	6/8/2012	Decision Resources Group LLC	Piramal Enterprises Ltd	635
M&A	5/20/2010	6/22/2010	Shadeed Iron & Steel LLC	Jindal Steel & Power Ltd	464
M&A	8/3/2010	8/3/2010	Coal tenements/Galilee Basin	Adani Enterprises Ltd	456.55
M&A	7/13/2011	11/24/2011	Peguform Group	Motherson Sumi Systems Ltd	454.92
M&A	7/3/2012	8/16/2012	AgraQuest Inc	Bayer CropScience Ltd/India	425
M&A	11/16/2011	2/1/2012	3B The Fibreglass Co	Binani Industries Ltd	371.86
M&A	9/28/2012	12/31/2012	BP Chemicals Malaysia Sdn Bhd	Reliance Industries Ltd	371.52
M&A	11/18/2011	12/31/2011	Novelis Korea Ltd	Hindalco Industries Ltd	350
M&A	9/10/2012	10/22/2012	Infosys Consulting Holding AG	Infosys Ltd	349.21
M&A	6/5/2008	6/5/2008	Senvion SE	Suzlon Energy Ltd	322.27
M&A	7/5/2012	7/5/2012	Terrace Bay pulp mill/The	Aditya Birla Nuvo Ltd	300
M&A	4/11/2011	4/11/2011	Stream 1 Of Urea Manufacturing	Tata Chemicals Ltd	290
M&A	6/12/2012	3/17/2013	Suzuki Powertrain India Ltd	Maruti Suzuki India Ltd	269.14
M&A	5/12/2010	5/28/2010	Godrej Household Products Ltd	Godrej Consumer Products Ltd	234.14
M&A	7/10/2008	7/10/2008	Aviva Global Services	WNS Holdings Ltd	227.4
M&A	4/4/2008	5/30/2008	Draxis Health Inc	Jubilant Life Sciences Ltd	226.2

Pre and Post-Merger Current Ratio Data

Sr No	Name of the acquiring corporate	Pre-merger Average	Post-merger Average
1	Bharti Airtel	0.7281	0.3884
2	ONGC IN	2.0920	1.3317
3	Adani Ports & Special Economic Zone Ltd	1.4035	1.6420
4	Tata Motors Ltd	1.5535	0.8257
5	GVK Power & Infrastructure Ltd	1.0791	0.4936
6	Shree Renuka Sugars Ltd	2.4879	1.1904
7	GOCL Corp Ltd	1.1007	1.0014
8	Rain Industries Ltd	3.0973	1.9368
9	Lanco Infratech Ltd	1.6033	0.7513
10	HCL Technologies Ltd	2.4041	1.6871
11	Cox & Kings Ltd	4.2614	1.3160
12	Sterlite Industries India Ltd	2.7193	2.5376
13	Mahindra & Mahindra Ltd	2.3568	1.3566
14	Fortis Healthcare Ltd	1.5838	1.3308
15	Piramal Enterprises Ltd	2.6080	0.6149
16	Jindal Steel & Power Ltd	1.1839	0.8177
17	Adani Enterprises Ltd	2.1412	0.7997
18	Motherson Sumi Systems Ltd	1.0610	1.0301
19	Bayer CropScience Ltd/India	1.6196	3.3014
20	Binani Industries Ltd	0.7484	0.4811
21	Reliance Industries Ltd	1.5943	0.9959
22	Hindalco Industries Ltd	1.4514	1.4556
23	Infosys Ltd	5.8318	4.2543
24	Suzlon Energy Ltd	1.8979	1.2274
25	Aditya Birla Nuvo Ltd	1.3287	1.1351
26	Tata Chemicals Ltd	1.1374	1.2745
27	Maruti Suzuki India Ltd	2.0826	1.1238
28	Godrej Consumer Products Ltd	1.6690	1.1992
29	WNS Holdings Ltd	1.8649	1.0477
30	Jubilant Life Sciences Ltd	2.2475	1.3035

Pre and Post-Merger Cash Ratio Data

Sr No	Name of the acquiring corporate	Pre-merger Average	Post-merger Average
1	Bharti Airtel	0.3522	0.1567
2	ONGC IN	0.6388	0.5370
3	Adani Ports & Special Economic Zone Ltd	0.8501	0.2045
4	Tata Motors Ltd	0.1701	0.2456
5	GVK Power & Infrastructure Ltd	0.6016	0.3056
6	Shree Renuka Sugars Ltd	0.2822	0.0490
7	GOCL Corp Ltd	0.1767	0.0671
8	Rain Industries Ltd	1.3206	0.4764
9	Lanco Infratech Ltd	0.2880	0.0485
10	HCL Technologies Ltd	1.0930	0.5716
11	Cox & Kings Ltd	2.0625	0.4446
12	Sterlite Industries India Ltd	1.6828	1.3787
13	Mahindra & Mahindra Ltd	0.4050	0.2638
14	Fortis Healthcare Ltd	0.4459	0.6893
15	Piramal Enterprises Ltd	0.9637	0.1402
16	Jindal Steel & Power Ltd	0.1651	0.0247
17	Adani Enterprises Ltd	0.9595	0.3570
18	Motherson Sumi Systems Ltd	0.1528	0.1408
19	Bayer CropScience Ltd/India	0.3938	1.2721
20	Binani Industries Ltd	0.2627	0.0475
21	Reliance Industries Ltd	0.6305	0.4569
22	Hindalco Industries Ltd	0.3830	0.3823
23	Infosys Ltd	3.8010	2.6610
24	Suzlon Energy Ltd	0.3328	0.1966
25	Aditya Birla Nuvo Ltd	0.4066	0.1863
26	Tata Chemicals Ltd	0.3607	0.2841
27	Maruti Suzuki India Ltd	1.3219	0.5399
28	Godrej Consumer Products Ltd	0.6507	0.3644
29	WNS Holdings Ltd	1.0996	0.2377
30	Jubilant Life Sciences Ltd	0.7306	0.3627

Pre and Post-Merger Quick Ratio Data

Sr No	Name of the acquiring corporate	Pre-merger Average	Post-merger Average
1	Bharti Airtel	0.5161	0.2760
2	ONGC IN	0.9270	0.7794
3	Adani Ports & Special Economic Zone Ltd	1.0366	0.4767
4	Tata Motors Ltd	0.3422	0.3684
5	GVK Power & Infrastructure Ltd	2.2737	0.5934
6	Shree Renuka Sugars Ltd	0.5700	0.1233
7	GOCL Corp Ltd	0.4835	0.3923
8	Rain Industries Ltd	1.9149	1.0797
9	Lanco Infratech Ltd	0.6897	0.3351
10	HCL Technologies Ltd	1.9128	1.3176
11	Cox & Kings Ltd	3.1822	0.8618
12	Sterlite Industries India Ltd	1.7952	1.4797
13	Mahindra & Mahindra Ltd	0.8341	0.4807
14	Fortis Healthcare Ltd	0.7116	1.0010
15	Piramal Enterprises Ltd	1.2730	0.2482
16	Jindal Steel & Power Ltd	0.2819	0.1257
17	Adani Enterprises Ltd	0.4230	0.0719
18	Motherson Sumi Systems Ltd	0.5160	0.5361
19	Bayer CropScience Ltd/India	0.7678	2.0509
20	Binani Industries Ltd	0.3459	0.1328
21	Reliance Industries Ltd	0.8375	0.5049
22	Hindalco Industries Ltd	0.7351	0.6913
23	Infosys Ltd	4.5092	3.5353
24	Suzlon Energy Ltd	0.8977	0.4859
25	Aditya Birla Nuvo Ltd	0.5918	0.3253
26	Tata Chemicals Ltd	0.7108	0.8446
27	Maruti Suzuki India Ltd	1.5111	0.6826
28	Godrej Consumer Products Ltd	0.8295	0.6606
29	WNS Holdings Ltd	1.6290	0.5736
30	Jubilant Life Sciences Ltd	1.2404	0.6593

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Descriptive Statistics

Liquidity Indicators:

There were three financial ratios indicating liquidity used for this analysis; Cash ratio, Current ratio and Quick Ratio.

From the following table we can observe the liquidity indicators, the mean cash ratio before merger was 0.77 and after merger was 0.44. The current ratio before merger was 1.96 and after merger was 1.33. The Quick ratio before merger was 1.14 and after merger was 0.72.

Liquidity Indicators: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Cash ratio pre	30	.1528	3.8010	.766150	.7440073
Cash ratio post	30	.0247	2.6610	.436420	.5249302
Current ratio pre	30	.7281	5.8318	1.964613	1.0454015
Current Ratio post	30	.3884	4.2543	1.328377	.8089504
Quick ratio Pre	30	.2819	4.5092	1.142977	.9184033
Quick ratio post	30	.0719	3.5353	.723137	.6849539
Valid N (listwise)	30				

Inferential Statistics

Paired Sample t-Test

H_A: There is a significant impact of cross border acquisition on liquidity position of the acquiring Indian companies.

In order to test hypothesis 2, paired samples T test was applied by using SPSS.

Paired Samples Test for Liquidity Ratios

		Paired Differences					T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Cash ratio pre - Cash ratio post	.3297300	.4566643	.0833751	.1592088	.5002512	3.955	29	.000
Pair 2	Current ratio pre - Current Ratio post	.6362367	.7963341	.1453901	.3388806	.9335927	4.376	29	.000
Pair 3	Quick ratio Pre - Quick ratio post	.4198400	.6265111	.1143847	.1858969	.6537831	3.670	29	.001

H_{A1}: There is no significant impact of cross border acquisition on Cash Ratio of the acquiring Indian companies.

The T value corresponding to the mean difference between the pre and post Cash ratio was 3.955 and its corresponding p value is 0.000<0.05. Since the p value is less than 0.05, we can conclude that there is significant impact of cross border on Cash ratio of acquiring Indian companies. Hence alternate hypothesis can be accepted for Cash ratio.

H_{A2}: There is no significant impact of cross border acquisition on Current Ratio of the acquiring Indian companies.

The T value corresponding to the mean difference between the pre and post Current ratio was 4.376 and its corresponding p value is 0.000<0.05. Since the p value is less than 0.05, we can conclude that there is significant impact of cross border on Current ratio of acquiring Indian companies. Hence alternate hypothesis can be accepted for Current ratio.

H_{A3}: There is no significant impact of cross border acquisition on Quick Ratio of the acquiring Indian companies.

The T value corresponding to the mean difference between the pre and post Quick ratio was 3.67 and its corresponding p value is 0.001<0.05. Since the p value is less than 0.05, we can conclude

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that there is significant impact of cross border on Quick ratio of acquiring Indian companies. Hence alternate hypothesis can be accepted for Quick ratio.

Wilcoxon Signed Ranks Test

H_A: There is a significant impact of cross border acquisition on liquidity position of the acquiring Indian companies.

H_{A1}: There is no significant impact of cross border acquisition on Cash Ratio of the acquiring Indian companies.

Cash Ratio Ranks

		N	Mean Rank	Sum of Ranks
Cash ratio post-merger - Cash ratio pre-merger	Negative Ranks	27[a]	15.48	418.00
	Positive Ranks	3[b]	15.67	47.00
	Ties	0[c]		
	Total	30		

a. Cash ratio post-merger < Cash ratio pre-merger

b. Cash ratio post-merger > Cash ratio pre-merger

c. Cash ratio post-merger = Cash ratio pre-merger

Test Statistics[a]

	Cash ratio post-merger - Cash ratio pre-merger
Z	-3.815[b]
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Since the Z value for Wilcoxon Signed Rank Test for the **Cash Ratio** is -3.815, the sub null hypothesis that **"There is no significant impact of cross border acquisition on cash ratio of the acquiring Indian companies"** is rejected.

H_{A2}: There is no significant impact of cross border acquisition on Current Ratio of the acquiring Indian companies.

Current Ratio Ranks

		N	Mean Rank	Sum of Ranks
Post-Merger mean current ratio - Pre merger mean current ratio	Negative Ranks	25[a]	16.68	417.00
	Positive Ranks	5[b]	9.60	48.00
	Ties	0[c]		
	Total	30		

a. Post-Merger mean current ratio < Pre merger mean current ratio

b. Post-Merger mean current ratio > Pre merger mean current ratio

c. Post-Merger mean current ratio = Pre merger mean current ratio

Test Statistics[a]

	Post-Merger mean current ratio - Pre merger mean current ratio
Z	-3.795[b]
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Since the Z value for Wilcoxon Signed Rank Test for the **Current Ratio** is -3.795, the sub null hypothesis that **"There is no significant impact of cross border acquisition on current ratio of the acquiring Indian companies"** is rejected.

H_{A3}: There is no significant impact of cross border acquisition on Quick Ratio of the acquiring Indian companies.

Quick Ratio Ranks

		N	Mean Rank	Sum of Ranks
Quick ratio post-merger - Quick ratio pre-merger	Negative Ranks	25[a]	16.68	417.00
	Positive Ranks	5[b]	9.60	48.00
	Ties	0[c]		
	Total	30		

a. Quick ratio post-merger < Quick ratio pre-merger

b. Quick ratio post-merger > Quick ratio pre-merger

c. Quick ratio post-merger = Quick ratio pre-merger

Test Statistics[a]

	Quick ratio post-merger - Quick ratio pre-merger
Z	-3.795[b]
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Since the Z value for Wilcoxon Signed Rank Test for the **Quick Ratio** is -3.815, the sub null hypothesis that **"There is no significant impact of cross border acquisition on quick ratio of the acquiring Indian companies"** is rejected.

Thus, the Wilcoxon Signed Rank Test indicated that the null hypothesis that **"There is no significant impact of cross border acquisition on liquidity position of the acquiring Indian companies"** is rejected.

Comparison between the Paired Sample T-Test and the Wilcoxon Signed Rank Test:

When the results obtained by both the statistical tests viz. the paired sample t-test and the Wilcoxon Signed Rank Test were listed in the table, it clearly showed that both the tests are giving exactly same results as below:

Comparison between the Paired Sample T-Test and the Wilcoxon Signed Rank Test

Hypothesis	Paired sample t-test	Wilcoxon signed rank test
H_{A1} (Cash Ratio)	Rejected	Rejected
H_{A2} (Current Ratio)	Rejected	Rejected
H_{A3} (Quick Ratio)	Rejected	Rejected

So, it could be concluded that the results obtained could be trusted as two tests verify them.

On more close observation it was found out that; out of the total 30 cases,
Cash Ratio declined in 27 firms.
Current Ratio declined in 26 firms.
Quick Ratio declined in 25 firms.

Conclusion:

This study affirms the hypothesis that outbound mergers by Indian acquiring firms impacts the liquidity position of the acquiring firms. It could be concluded that acquiring Indian firms in outbound mergers appeared to have performed worse financially after the merger, as compared to their performance in the pre-merger period. This decline in performance could be attributed to the merger.
Two tests were carried out namely, Paired Sample t-test and Wilcoxon Signed Ranks Test. Both the tests gave same results. The results revealed that in case of the acquiring companies, the

liquidity is significantly impacted by the event of Outbound Merger. A closer analysis also revealed that the impact was negative which implies that the event of Outbound Merger was value deteriorating for the acquiring companies taken in this study.
To sum up, this study endorsed the fact that there was a significant impact on the liquidity position of the acquiring Indian firm involved in an outbound merger and acquisition. It also reaffirmed the argument that Indian management fraternity had failed to adopt cross-border acquisition as a fruitful instrument of corporate strategy for improvement of liquidity of the firm.

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