TECHNICAL AND PERFORMANCE ANALYSIS BY REVISITING ALTMAN'S Z-SCORE OVER MINDTREE AND L&T POST-MERGER SYNERGY PREDICTIONS

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Abstract

Mergers and acquisitions are an integral part of corporate finance and strategy. One of the most noteworthy mergers to have happened in recent times is the L&T Infotech Ltd. and Mindtree Ltd. merger. It was the first hostile takeover/acquisition of an IT company in Indian corporate history when Larsen & Toubro Limited, an engineering and construction conglomerate with a yearly turnover exceeding USD21 billion, completed the acquisition of Mindtree Limited by acquiring 60 percent of the stake in a phased manner until June 2019. In this research, the researcher have attempted to assess how successful this merger is, using technical analysis and Altman's Z-score. In-depth analysis using the stock prices, and indicators such as relative strength index (RSI), moving average convergence/divergence (MACD), and Bollinger Bands have been deployed to get a better understanding of how both the companies reacted to certain market news throughout the past 5 years from 2017 to 2022. The Altman's Z-score model application to test the financial distress of Indian companies reveals that comparatively healthy companies exhibit high Z-scores, indicating their financial soundness, while unhealthy firms exhibit low Z-scores, proving they are distressed (Korath & Nayak, 2022). The beta analysis for both companies has also been conducted to get a fair idea of how sensitive each company is to market volatility. The research has also attempted to gauge the various challenges that the newly merged company may face post the merger.

Keywords: Altman's Z-Score, Merger, Financial Stability, Synergy, Performance

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1. INTRODUCTION

The information technology industry in India brought in US$181 billion in revenue in March 2019 and was expected to grow by 7–9 percent annually for the foreseeable future. About US$137 billion, or over 80 percent, of total profits came from exports. Industry experts predict that by 2025, the market would be worth about US$350 billion. Sales in the domestic market were estimated to rise from US$29 billion to US$30 billion over the following few years. The IT industry as a whole expanded at a rate of 10 percent per year, with the digital technologies sector expanding at a rate of 30 percent per year. By 2025, the market share of digital technology is predicted to reach a stunning 38 percent. The Indian information technology industry attracted US$37 billion in foreign direct investment (FDI) between 2000 and 2019, according to data provided by the Department of Promotion of Industry and International Trade (DPIIT).

Some of the major initiatives taken by the government to promote the IT and information technology-enabled services (ITeS) sector in India after the year 2014: One of the twelve champion service areas to receive a strategy is information technology. An additional 50 billion (US$745.82 million) fund was set up by the government to assist these leading service industries in reaching their full potential. National Institute for Transforming India (NITI) Aayog plans to launch a nationwide programme to advance India's use of artificial intelligence (AI) and put the technology to work for the country's economic growth as part of the Union Budget 2018–2019. An AI national programme and infrastructure building initiative were announced in India's Interim Budget for 2019–2020. To help establish India as a global leader in the software industry, the Union Cabinet passed the National Policy on Software Products (NPSP) — 2019. It seemed natural for an aspirational IT firm like LTI to expand through mergers and acquisitions, given the current state of the industry and the economy (Mistry, 2020).

The remainder of this paper is structured as follows. Section 2 provides background information on the merger. In Section 3, the literature supporting the description of prior mergers, acquisitions, and other corporate restructuring events is introduced, providing a conceptual backdrop for the investigation. The paper's research methodology is described in Section 4, and the analytical results and discussions are elaborated in Section 5. Finally, Section 6 concludes the paper.

2. MERGER AND ITS BACKGROUND

2.1. L&T Infotech

Larsen & Toubro Infotech Limited (LTI), a multinational Indian firm that provides consulting and IT services, is headquartered in Mumbai. LTI, a company of Larsen & Toubro, has grown to nearly 46,000 personnel since its foundation in 1996. In fiscal year 2013–14, the engineering services branch of L&T Infotech and the design and engineering division of its parent company, Larsen & Toubro, were merged under the name L&T Technology Services. L&T Infotech made an initial public offering (IPO) in July 2016 for 1,243 crores (US$184.98 million). To reflect the evolving commercial landscape, L&T Infotech changed its name to LTI in May 2017 and dropped the word "Infotech". "Let's solve" is LTI's new slogan. The LTI and Mindtree merger was slated to occur in 2022. The united entity will be known as LTIMindtree.

2.2. Mindtree

Bangalore is the headquarters of the global Indian corporation Mindtree Ltd, which provides IT and consulting services. It is contained inside the Larsen & Toubro Group. Since its establishment in 1999, the organisation has employed over 38,518 people. As of March 31, 2019, the firm specialises in enterprise application integration, cloud computing, data analytics, mobile applications, digital transformation, testing, and e-commerce. It has over 307 active clients and has 43 offices in 18 countries. Mindtree Consulting Private Limited was founded in August 1999 by 10 IT professionals, 3 of whom invested through a Mauritius-incorporated company. The venture capital firms Walden International, and Sivan Securities provided the initial funding. Capital Group and Franklin Templeton provided more funding in 2001. It became a publicly traded firm on December 12, 2006, when it was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company's first public offering lasted from February 9 through February 14, 2007. The IPO was oversubscribed by a factor of more than 100. On September 28, 2012, Mindtree unveiled a new logo and corporate design with the motto "Welcome to potential". In 2012, Mindtree opened its first US distribution centre in Gainesville, Florida, under the direction of co-founder and international director of sales Scott Staples. The business had 43 offices in over 17 countries as of 2017. Larsen & Toubro (L&T), a significant infrastructure supplier and one of the largest conglomerates in India, acquired 61.08 percent of Mindtree in June 2019. The L&T acquisition of Mindtree was the nation's first aggressive takeover of an IT business at the time. In March 2020, Dayapatra Nevatia was appointed chief operating officer (COO) of Mindtree with immediate effect. He was the managing director and director of delivery for centres for advanced technologies in India at Accenture. In April 2022, there were rumours of a combination between Larsen & Toubro Infotech and Mindtree. The merged organisation will be called "LTIMindtree".

2.3. Background of the merger

When V. G. Siddhartha decided to sell 20.3% of Mindtree to infrastructure firm Larsen and Toubro Ltd. in March 2019, he texted the company's executive chairman Krishnakumar Natarajan about it (L&T). Natarajan, understandably on edge, warned Subroto Bagchi that a hostile takeover of Mindtree was approaching. Subroto had already stepped down as executive chairman to focus on his new position as head of the government agency tasked with fostering economic growth in the state of Odisha, the Odisha Skill Development Authority. Subroto announced his resignation from the government through Twitter at 8:36 p.m. on March 17 so that he could "defend the Tree from people who have arrived with bulldozers & saw chains to cut it down" (Bagchi, 2019). The tweet about the bulldozer almost immediately painted L&T as the bad guys and Subroto as one of Mindtree's heroes.

The next day after the tweet caused a stir, L&T's managing director (MD), and CEO S. N. Subrahmanyan confirmed that the business would buy 15% of V. G. Siddharth's shares from the public and make an open offer to purchase the remaining 20% at Rs. 980 (about US$14) each. He told the media that the corporation believed in employing "*dil and pyaar*" (heart and love) to win everyone over, despite the fact that they were planning to acquire 6% of Mindtree for about US$1.57 billion (Rs. 10,733 crores). There needed to be synergies and cultural integration between the two organisations for a merger and acquisition (M&A) deal to be successful, and this was especially true in a people-driven industry like IT. Workers at Mindtree were known for their casual atmosphere and even the CEO was addressed by his first name, in contrast to L&T's more formal, command-and-control mentality.

V. G. Siddhartha was cautioned against selling the shares multiple times by Mindtree's promoters, including chairman Krishnakumar Natarajan and

CEO Rostow Ravanan. Still, Siddhartha had to sell his share because he ran out of money. He owed approximately US$437 million (Rs. 3000 crores) to creditors who had demanded payment after he took out loans totalling that amount. He had already pledged all of his Mindtree shares to the banks, and now there was a hard deadline. As part of the deal with L&T, he will receive US$476 million for the 20.32 percent stake he and his two affiliates control (Rs. 3260 crores). L&T increased its ownership by 15 percent thanks to investments from mutual fund companies and overseas financial institutions (FIIs). Singapore-based Nalanda Capital, Mindtree's largest institutional investor, has spoken out against L&T's "hostile takeover attempt", and its founder Pulok Prasad has been lobbying other minority shareholders for their support. Nalanda Capital owns 10.6 percent of Mindtree. Prasad felt that L&T's offer undervalued Mindtree and that he and other investors should wait for a stronger offer. Nalanda invested in Mindtree ten years ago, paying US$3.8 (Rs. 260) per share.

Institutional investors at L&T and Mindtree have filed a complaint with India's securities market regulator, the Securities and Exchange Board of India (SEBI), over Prasad's efforts to sway minority shareholders. After receiving a show-cause notice from SEBI, Nalanda sold its entire interest by the end of June, netting an astounding four times its initial investment (at US$183 million, or Rs. 1,254 crores). Since Nalanda's departure, L&T's share has increased to 48 percent, and the corporation now holds three of Mindtree's eight board seats.

On the 2nd of July 2019, L&T had amassed a majority position in Mindtree, amounting to US$98.7 million (Rs. 9.87 crore) equity shares, or 60.06 percent of the firm. After three days, Mindtree's Executive Chairman Krishnakumar Natarajan, Executive Vice N. S. Chairman Parthasarathy, and CEO and MD Rostow Ravanan all resigned from their positions with the company. This marked the departure of the founders from a unique business they had created from scratch but neglected to safeguard against takeovers (Rajan, 2020).

2.4. Motives behind the merger

According to the letter of offer (LOF) filed with SEBI, the acquirer intends to use the funds from the transaction to enhance the aggregated return on equity and diversify the aggregated group's revenue and profit into the information technology and technology services sectors by increasing the revenue and profit of its asset-light services business portfolio. Acquirer subsidiary Larsen & Toubro Infotech Limited is an information technology solutions and services firm headquartered in Mumbai, India, with financial year (FY) 2019 revenues of Rs. 97,482 million. More than 360 clients in over 30 countries are served by Larsen & Toubro Infotech. Even though the acquirer thinks that Target will keep running on its own within the L&T Group for the foreseeable future, the LOF says that Target's board of directors could recommend that the company merge with other L&T Group entities.

L&T hopes that by acquiring Target, it will be able to increase its business and improve its standing in the IT&TS industry. L&T Infotech is most well-known in the business services and information technology sector (BFSI), followed by the industrial sector. However, for Mindtree, the high-tech and media, retail, and consumer packaged goods sectors are the most important. L&T will be able to expand its customer base, digital capabilities, and presence in the infrastructure management space because of the acquisition the two businesses serve different markets and have little in common in terms of their clientele. Separately, the previous several years have been challenging for India's IT sector due to the ever-changing nature of technology; not even the largest companies in the sector have been able to keep up with projections for expansion. The US$1 billion in annual sales goal that Mindtree had set for itself had to be delayed multiple times before it was finally reached in the 2019 fiscal year. However, by putting an emphasis on digital technologies like AI and machine learning (ML) as early as 2011, the company was able to survive and gain an early-mover edge over its rivals. Digital services were a major contributor to Target's bottom line in fiscal year 2019, making up roughly 50% of total revenue. Based on these matrices, the Target was a promising takeover target.

2.5. Transactional protocol

On March 18, 2019, the Sellers and the Acquirer entered a sales and purchase agreement (SPA) for the acquisition of 33,360,228 equity shares for a total value of Rs. 32,691 million at price.

The Acquirer, through its underwriter Axis Capital Limited, placed a Purchase Order on March 18, 2019, to purchase up to 24,834,859 equity shares, or 15.00% of the emerging voting capital, on the recognised stock exchange in India in lots or tranches at a price not to exceed Rs. 980 per equity share and for a total consideration not to exceed Rs. 24,338 million. Purchases could only be done for as long as allowed by applicable regulations, and the Acquirer had to notify the broker when it had the necessary approvals from various regulatory bodies (collectively, the "Purchase Order Conditions") (Desai, 2020).

Figure 1. Pre-acquisition holding (As of March 31, 2019)

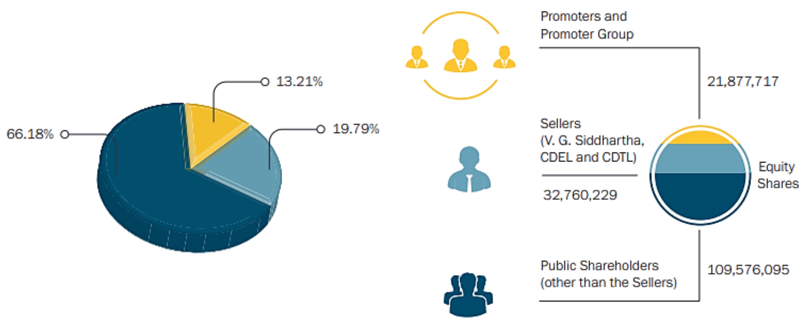


Figure 2. Post-acquisition holding (As of July 15, 2019)

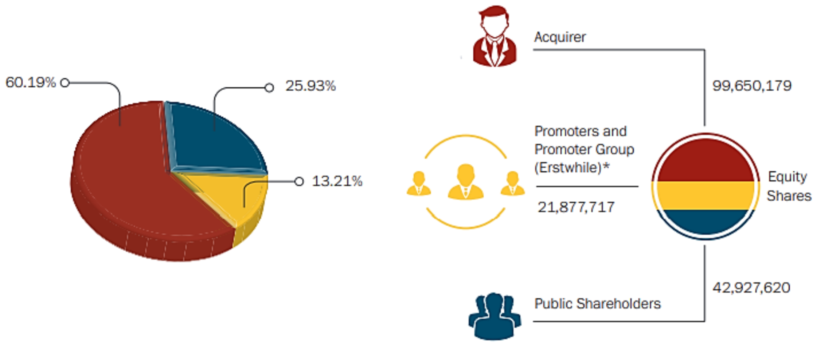


Table 1. Merger structure — A deal snapshot

Target	Mindtree Limited
Acquirer	Larsen & Toubro Limited
Sellers	V. G. Siddhartha, CDTL and CDEL
Modes of acquisition	*Direct acquisition:* • According to the SPA, the Acquirer agreed to purchase 33,360,219 equity shares of the target from the sellers, representing 20.15 percent of the emerging voting capital. While the SPA was signed with the sellers to purchase 33,360,219 equity shares of the target from them, the sellers already owned 32,760,219 equity shares of the target as of the SPA's execution date. The actual equity shares purchased from sellers under the SPA were 32,760,219 shares or 19.79% of the emerging voting capital. *On-market purchase:* • The Acquirer executed a buy order with its stockbroker Axis Capital Limited to acquire up to 24,834,858 equity shares of the target, representing 15.00 percent of the emerging voting capital, conditioned on the satisfaction of the purchase order's terms. The actual number of equity shares bought on the open market by the Acquirer was 15,564,579, representing 9.4% of the emerging voting capital. *Open offer:* • The Acquirer made a required Open Offer to buy up to 51,325,371 equity shares of Target, representing 31.00% of the emerging voting capital.
Offer size	Up to 51,325,371 shares of common stock of Target, representing 31.00% of the emerging voting capital.
Open offer	Open offer by the Acquirer to purchase up to 51,325,371 equity shares of the Target, representing 31.00% of the evolving voting capital.
Acquisition price	*Direct acquisition:* The purchase price for acquiring equity shares of Target from the Sellers pursuant to the SPA was Rs. 980 per equity share for a total of Rs. *On-market purchase:* The Acquirer placed the Purchase Order for acquisition at a maximum price of Rs. 980 per equity share and a maximum total consideration of Rs. 24,340 million. The open market purchases occurred between April 30, 2019, and June 7, 2019, at prices ranging from Rs. 967.05 to Rs. *Open offer:* The Acquirer made the Open Offer at a price of Rs. 980 per equity share, totalling Rs. 50,300 million.
Total contemplated acquisition	In order to acquire control of the Target, the Acquirer entered into an SPA with the Sellers and submitted a Purchase Order with their broker, which triggered the Open Offer. Below is a breakdown of the overall proposed acquisition of 66.15 percent of emerging voting capital. • 20.15 percent of emerging voting capital in accordance with the SPA. • No more than 15,00 percent of the emerging voting capital may be acquired on the open market subject to the Purchase Order. • 31.00% of the emerging voting capital in accordance with the Open Offer.
Total actual acquisition	After the Open Offer, the Acquirer controlled 60.19 percent of the emerging voting capital. The specifics of the Acquirer's actual acquisition are given. • 19.79% of the emerging voting capital in accordance with the SPA. • 8.87 percent of the emerging voting capital will be acquired on the open market according to the Purchase Order and Open Offer. • 31.00% of the emerging voting capital offered under the Open Offer. • 0.53 percent of the emerging voting capital open market buy in accordance with the Purchase Order following the conclusion of the tendering period.

3. LITERATURE REVIEW

Bais (2022) examines the idea of synergism, which is commonly described as the net potential profits of the merged entity being greater than the gains produced from the sum of the gains from the individual firms and serves as the foundation for the M&A process. Corporate governance plays a crucial part in the M&A process because companies with superior corporate governance — i.e., those that uphold transparency and accountability in every aspect of their operations — perform better financially. The current study makes an effort to comprehend how hostile takeovers and board size affect corporate governance, specifically in the context of India (Bais, 2022).

Toborek-Mazur and Partacz (2022) highlight the inconsistencies in the assessment of synergy during the COVID-19 epidemic in the context of the quantity and dollar worth of mergers and acquisitions, which are cognitively significant for the growth of potential synergy and creating capital concentration. The authors represent the first attempt to assess the synergy in M&A during the COVID-19 pandemic and the repercussions of these events from an economic, record-keeping, comparative, and descriptive analysis viewpoint.

Bauer and Friesl (2022) examine the mechanisms that direct managerial focus on valuation techniques and synergy kinds that is necessary for M&A. It is demonstrated by referencing the attention-based view of the business that the numerous valuation techniques that make up the various synergy types cannot be separated from the underlying attention structure in the M&A context and the evaluation of synergies. It implies that synergies frequently do not accurately portray an acquisition's potential. This is explained by an attentional crowding-out effect: The alignment of M&A attention structures with valuation methodologies for functional synergies crowds out the allocation of attention to business models and strategic synergies. The characteristics and ramifications of this crowding-out effect are discussed.

There are two main parts to India's IT sector: IT services and business process outsourcing (BPO). Its share of India's gross domestic product (GDP) has grown from 1.2% in 1998 to 7.7% in 2017. Founded in 1967 in Mumbai, Tata Consultancy Services is considered the "parent company" of India's IT services industry. In 1977, they teamed with Burroughs to begin exporting IT services from India. The study's goals are to 1) evaluate the liquidity and solvency of a sample of Indian software firms and 2) determine the working capital status of a sample of Indian software firms. Study design and methodology, the analysis relies on secondary data collected from the websites of the companies in question, the NSE, and other authoritative sources. On the basis of a convenient sampling method, ten businesses were chosen as the sample size. Ratio analysis, mean, standard deviation, coefficient of variation, and compound annual growth rate are only a few of the methods that have been used to examine the results of the chosen businesses. Research recommendations, as a result of carrying this interest cost, the firm's net profit margin has been considerably reduced. Researching the software sector in India and how productive and profitable Indian businesses are recommended. Companies that do not have a clear policy for financing their fixed assets should adopt one (Jagadeesan & Malarvizhirekha, 2021).

Sheikhbahaei and Shams (2022) look into the connection between a company's susceptibility to a hostile takeover and investors' responses to a season equity issue (SEO). To track the market's responses to the announcement of freshly issued equities, event study methodology was used. The findings imply that when the threat of a hostile takeover is greater, investors respond favourably to the news of a stock offering (Sheikhbahaei & Shams (2022)

In most cases, businesses should seek funding in proportion to their expected profitability. Borrowed money needs to be used effectively. Profits, interest payments, and reinvestment rates can all improve with better asset management (Aneesh, 2021).

A person's investment decisions should not be influenced by rumours or speculation. Investors, on the other hand, need to be sensible and rational. They need to do in-depth research into the economic elements influencing the state of commerce as a whole. If they want higher returns relative to the risk they are taking, they should read up on investment analysis. To effectively manage capital and grow it, a solid framework can be established through meticulous and systematic investment analysis. Technical analysis and fundamental analysis are the two mainstays of the in-depth look. Top-down (economic, industry, and company analysis) methodology has been used for the study by Dang and Singhal (2021). In their article, the researchers examine the Indian IT industry and compare the market value to the intrinsic worth of many large IT firms. The researchers observed that the debt-equity ratios of all IT companies were extremely low, which meant that the companies had fewer long-term payment commitments and hence were more profitable and posed less risk to their owners (Dang & Singhal, 2021).

Financial analysis encompasses all the company's knowledge and research into its cash flow and operational efficiency. A wide range of methods and procedures are used to ponder the interconnection of several assertions. Investors, business owners, skilled board members, landlords, governments, and other interested parties are all considered partners of a specialty unit, and all will find the financial statements useful in making informed decisions. The profit and loss statement and the expression of the balance sheet will be scrutinised as part of the economic report analysis. In the event that the data is arranged in an important way, it will suggest the connection between the related issues. Customers of financial analysis services will find this helpful in pursuing their own dreams. The Indian IT industry has played a critical role in establishing India as a global leader in IT. India is becoming a global leader in the information technology and business process outsourcing (IT and BPO) industries. The IT and BPO industry has emerged as a key growth area for India's economy. When it comes to making money from afar through computer programmes and other services, India's IT industry is a fantastic resource. There is currently a blanket of secrecy over all the IT firms as they rush to get their latest sales pitches ready. For the time being, this is the state of profit after tax. TCS and Infosys both have benefit-after-tax-to-sales ratios of more than 20%, which is excellent, while HCL Technologies and Wipro have maintained a ratio of between 12% and 19%. Tech Mahindra is currently experiencing a downturn in its fortunes. The primary reason for this is the commercial enterprise's capital structure, which is comprised of low-obligation content fabric. Working capital needs across the board have increased to keep up with rising sales. Large coin holdings have not caused any issues with the current ratio or the debtors' ratio. A comparative study of organisations in developed and developing countries is likely to improve results. Before drawing any conclusions, the researchers may need to engage in some skip business and cross-country have an observe (Raju & Rao, 2020).

The industry has used M&A to diversify and consolidate. There have been various instances in Indian business where corporations have merged with other businesses willingly and purchased other businesses with the full approval of the acquired company. The purchase of Mindtree interests by Larsen and Toubro has been difficult for both firms thus far in many ways. L&T has extended an olive branch to Mindtree, and the business media has downplayed the hostility in Mindtree by claiming that it is an arranged marriage that might end in love (Sriram, 2020).

Larsen & Toubro Limited, an engineering and construction conglomerate with a yearly turnover of more than US$21 billion, has acquired 60% of Mindtree Limited in a series of staged transactions that will conclude in June 2019. The purpose of the research by Srivastava et al. (2020) is to determine whether L&T's recent acquisition is in keeping with the company's general plan and growth strategy, or whether it is the result of management arrogance. The research by Srivastava et al. (2020) has difficulty assessing Mindtree's strategic fit within a large organisation like Larsen & Toubro Limited.

The paper by Rajan (2020) explores the founding of the IT company Mindtree by a group of ten founders as well as the approaches they used to grow the business. Twenty years later, one of the original investors gave infrastructure major L&T the opportunity to acquire a 20 percent ownership in Mindtree. It describes the methodical measures that L&T used to raise its ownership, defying the founders of Mindtree's attempts to obstruct the transaction, and ultimately acquiring more than 60 percent of the information technology business (Rajan, 2020).

Kerani and Menon (2019) start with the genesis and growth of the Mindtree company where ten likeminded people from three nationalities whose idea was to build a company that would do aspirational work, create, and share wealth, and be socially conscious, started Mindtree and speak about the growth of company over the years. The paper also speaks about the value system, knowledge management practices, and HR practices which have served as a differentiator for the company. Coming to the latter part, Kerani and Menon (2019) speak about the story of the passive investor V. G. Siddhartha who held a higher stake in the company (i.e., 20.32%), due to his financial troubles and planned to release his pledged shares for sale with multiple interested parties where finally L&T purchased it for 980 per share and also the efforts put up by independent directors of Mindtree to arrange funds to buy out those shares. The main essence of the paper by Kerani and Menon (2019) speaks about the strategy that L&T used to takeover Mindtree where L&T purchased another 15% of the shares from the open market and also made an open offer to institutional shareholders to buy 31% stake and how it secured those stakes and how it was categorized as promoter. The final part speaks about the lessons for promoters who would like their firm to be independent beyond their active role (Kerani & Menon, 2019).

The rise of economic activities that contribute to national or state GDP through revenue mobilisation is discussed, along with how the development of world-class infrastructure, including transportation, communication, and power, is essential to India's global competitiveness. The purpose of the research by Azhar and Ramesh (2017) is to evaluate the stability of publicly traded companies in India that are engaged in energy generation and distribution. The study is strictly quantitative in nature. It makes an effort to evaluate the monetary well-being of the money-controlled utilities that produce and distribute electricity. Azhar and Ramesh (2017) only use secondary sources. A total of 19 of India's publicly traded power generation and distribution companies are examined. Results show that most businesses in the sample are failing. As a result, there is an urgent need for company management to assess and alleviate the firm's financial difficulty (Azhar & Ramesh, 2017).

The IT industry in India has been instrumental in establishing India's reputation abroad. These days, India's IT and ITES industry is unrivalled anywhere in the globe. The information technology and business process outsourcing industry are one of India's fastest growing. The Indian IT industry is a driving force in the expansion of the Indian economy. This industry not only helps keep India's economy afloat, but it also has a significant impact on the quality of life thereby contributing directly and indirectly to factors like employment, income, and cultural diversity. The primary goal of Allad (2017) is to evaluate, using a non-probability sampling method, the effectiveness with which specific Indian IT firms convert various debtors into cash over a 10-year period, beginning in April 2004 and ending in March 2014. The ratio of new debt to old is employed to accomplish this goal. Comparing Infosys Ltd.'s debtor turnover ratio over the study period to that of other selected Indian IT companies, the results were found to be quite favourable. Oracle Financial Services Limited was performing poorly on a country-by-country basis, as measured by its debtors' turnover ratio. As shown by the analysis of variance, the debtor turnover ratios of the various Indian IT companies that were studied differ significantly (Allad, 2017).

Before making any stock market investments, all investors should educate themselves as much as possible. Both fundamental and technical analyses can be applied to the study of the financial markets. The focus of Silpa et al. (2017) is on a fundamental analysis of some NSE-listed IT companies. There are a total of three facets to the study of fundamental analysis. Basic economic indicators including GDP, index of industrial production, fiscal deficit, inflation, current account deficit, etc., are the focus of economic analysis. Analyzing the market, the Indian IT industry is examined using Porter's five forces model and other frameworks to examine entrance obstacles, industry characteristics, and the influence of the government. Various measures, including the dividend payout ratio, earnings per share (EPS), price to earnings (P/E), and debt to equity, are employed in company research. A comparison of the intrinsic value of a share to its market value is also the main topic of this article. A share is undervalued if its inherent value is higher than its current market price and overpriced if its current market price is higher than its intrinsic value. Research indicates that Wipro, TCS, and Infosys stocks are all undervalued, so investors are advised to acquire these companies now and hold onto their shares (Silpa et al., 2017).

Anjum (2012) discusses how financial ratios can be used to gauge the health of a business. When evaluating a company's financial and operational performance, financial ratios are commonly utilised. Numerous ratios are proposed by various authors. It was Altman who developed a ratio-based model using Z-scores. As far out as two to three years, Altman can use the Z-score model to estimate financial efficiency/insolvency. Altman's studies to foretell business failure are discussed in depth in Anjum (2012). Altman constantly fine-tuned the formula until it was accurate in predicting bankruptcies. Altman's Z-score model can be securely used in the modern economy to predict distress and insolvency three years in advance (Anjum, 2012).

Anuj et al. (2018) examined the viability and accuracy of the tool "Z-score analysis" for the Indian steel sector, employing several ratios to learn about the companies in this sector. Investors and the government value information regarding the future and survival of a company and a "primary industry" for the nation's development. This method was originally tested on Indian companies that had previously failed or been taken over, and then it was used on some of the most prominent corporations in large, medium, and small market capitalization areas to determine the industry's health. Previous research on this subject is no longer relevant because the industry has changed dramatically with numerous takeovers and shutdowns. As a result, determining the current state of the industry's health is critical.

Schnitzer (1996) examined the choice between a hostile and a friendly takeover. It is shown that, even though the transaction costs for a friendly takeover are significantly lower, the raider may prefer a hostile acquisition if the target company's manager has inside knowledge about the potential for efficiency benefits. In actuality, the raider is forced to pick between friendly merger talks with the manager who is aware of the situation, and presenting a hostile tender offer to uneducated shareholders. It highlights how the manager's appetite for control, the quantity of shares he or she owns, transaction costs, and uncertainty about potential efficiency improvements affect the raider's decision (Schnitzer, 1996).

4. RESEARCH METHODOLOGY

4.1. Altman's Z-score

The Altman's Z-score is a bankruptcy prediction score for publicly traded manufacturing companies based on the results of a credit-strength test. Four or five commonly used financial ratios are linearly combined with weights to form the Z-score. To determine the coefficients, the researcher first found a collection of companies that had filed for bankruptcy and then obtained a matched sample of successful businesses, matching both by industry and estimated size (assets). The Z-score technique for bankruptcy prediction was first introduced in 1968 by Edward I. Altman, an Assistant Professor of Finance at New York University ("Edward I. Altman", 2020). After looking at 86 troubled companies in 1969–1975, 110 in 1976–1995, and 120 in 1996–1998, Altman found that the Z-score was accurate 82%–94% of the time. The technique can be used to estimate how likely it is that a business will fail during the next two years. Z-scores are commonly employed in academic studies as an easy-to-calculate control indicator for predicting corporate defaults and the severity of a company's financial crisis.

4.2. Variables associated with the calculation of Altman's Z-score

Market value: The market value of a firm is the sum of all its outstanding shares.

Book value: A company's book value is comprised of long-term and short-term debts and may be found on the balance sheet. The reserves on the balance sheet's credit side are not included in the company's book value.

Turnover: Turnover refers to the total sales made by the firm each year. It must be documented in the same fiscal year as the utilized profit before taxes and interest (EBIT).

Total assets: Total assets are all the assets listed on the balance sheets, including cash and buildings that require longer-term investments.

Total retained earnings: Total retained earnings are the sum of all previous profits used for reinvestment in the firm. This parameter excludes taxes and dividends.

Working capital: Working capital refers to the funds utilized to fund the operations of a business. Working capital is distinguished by the requirement that cash be accessible on short notice. It is computed by subtracting cash and cash equivalents from current short-term loans.

Here is the formula to calculate Altman's Z-score:

$$Altman's\ Z\_score = 1.2 \times Working\ capital/Total\ assets + 1.4 \times Total\ retained\ earnings/Total\ assets + 3.3 \times Profit\ before\ interest\ and\ tax/Total\ assets + 0.6 \times Market\ value/Book\ value + 1.0 \times Sales/Total\ assets \quad (1)$$

- If the score falls below 1.81, the firm is expected to go bankrupt.
- A score of 1.81 to 2.99 falls into the grey zone. If the score falls below 2.675, the firm is 95% certain to go bankrupt.
- A score of 3.0 or higher suggests a minimal likelihood of bankruptcy.

4.3. Altman's Z-score for non-manufacturing firms (Developed and emerging markets)

The original formula has been somewhat changed for use in the situation of non-manufacturing enterprises operating in developing markets. In this approach, the researcher employ four financial ratios. The following are the four ratios:

Table 2. Business ratios applied for analysis

Business ratios used	*The formula for the business ratio*
A	*(Current assets – Current liabilities) / Total assets*
B	*Retained earnings / Total assets*
C	*Earnings before interest and taxes / Total assets*
D	*Book value of equity / Total liabilities*

The true Altman's Z-score algorithm for assessing the likelihood of a non-manufacturing corporation operating in developed markets declaring bankruptcy is as follows:

$$Z'' = (6.56 \times A) + (3.26 \times B) + (6.72 \times C) + (1.05 \times D) \quad (2)$$

The above is the precise formula for the Altman's Z-score. This model's score methodology for assessing the likelihood of a non-manufacturing corporation operating in emerging markets declaring bankruptcy is as follows:

$$Z'' = 3.25 + (6.56 \times A) + (3.26 \times B) + (6.72 \times C) + (1.05 \times D) \quad (3)$$

- If the Z-value is larger than 2.6, the corporation is deemed to be in the "safe zone" and has a minimal chance of declaring bankruptcy.
- If the Z-score is between 2.6 and 1.1, the company is in the "grey zone" and faces a moderate risk of insolvency.
- If the Z-value is less than 1.1, the company is in the "distress zone" and has a high likelihood of going bankrupt.

4.4. Altman's Z-score for private companies

The original formula is changed to accommodate private enterprises, and the industry ratios utilized are as follows:

Table 3. Financial ratios applied for analysis

Financial ratio used	*The formula for the financial ratio*
A	*(Current assets – Current liabilities) / Total assets*
B	*Retained earnings / Total assets*
C	*Earnings before interest and taxes / Total assets*
D	*Book value of equity / Total liabilities*
E	*Sales / Total assets*

The real Altman Z Score algorithm for assessing the likelihood of a corporation going bankrupt for this model is:

$$Z' = (0.717 \times A) + (0.847 \times B) + (3.107 \times C) + (0.420 \times D) + (0.998 \times E) \quad (4)$$

- If the Z-value is more than 2.99, the corporation is deemed to be in the "safe zone" and has a minimal chance of going bankrupt.
- If the Z-score is between 2.99 and 1.23, the company is in the "gray zone" and faces a moderate risk of bankruptcy.
- Finally, if the Z-value is less than 1.23, the company is deemed to be in the "distress zone" and has a high likelihood of going bankrupt.

4.5. Prediction of bankruptcy using the Altman's Z-score

The Altman's Z-score is typically around -0.25 for enterprises with the highest likelihood of going bankrupt. For enterprises with the lowest likelihood of insolvency, the Altman's Z-score value can reach +4.48.

This technique can help investors assess if they should acquire a stock or sell some of their existing holdings. In general, an Altman's Z-score of less than 1.8 indicates that the company is in danger of going bankrupt. Firms with an Altman's Z-score greater than 3, on the other hand, are less likely to fail. So, an investor can opt to purchase a stock if the Altman's Z-score is nearer to 3, and vice versa if the value is closer to 1.8.

Specific asset-related securities were awarded better credit ratings than they should have received in 2007. The corporations, on the other hand, were accurately anticipated to be expanding their financial danger and should have gone bankrupt. In 2007, the median Altman's Z-value of enterprises was 1.81, according to Altman. The credit ratings of these corporations were the same as the financial ratio *B*, which is employed in the *Z* calculation above. It suggested that about half of the enterprises were rated lower, that they were very distressed, and that they were on the verge of bankruptcy.

As a result, Altman's Z-score predictions led him to assume that a crisis would occur, resulting in a credit market breakdown. Altman predicted that the crisis will be caused by firm defaults. The catastrophe, however, started with mortgage-backed securities (MBS). Nonetheless, corporations defaulted at the second-highest rates in history in 2009, as researched by Altman's model.

5. RESEARCH RESULTS

5.1. Altman's Z-score interpretation

Interpretation for Mindtree Limited:

- Mindtree's latest twelve months Altman's Z-score is 9.144.
- Mindtree's Altman's Z-score for fiscal years ending March 2013 to 2022 averaged 6.29.
- Mindtree's operated at a median Altman's Z-score of 5.94 from fiscal years ending March 2013 to 2022.
- Looking back at the last ten years, Mindtree's Altman's Z-score peaked in March 2022 at 9.14.
- Mindtree's Altman's Z-score hit its 10-year low in March 2013 of 5.24.
- The company has remained in the "safe zone" throughout the 10-year time period of our analysis as the Z-score has remained above the safe zone of 2.99.
- Mindtree's Altman's Z-score increased in 2014 (5.68, 8%), 2015 (6.47, 14%), 2018 (5.86,12%), 2019 (5.63, 14%), 2021 (6.91, 23%), 2022 (9.14, 32%) and decreased in 2016 (6.01, -7%), 2017 (5.24, -13%), 2020 (5.63, -16%).

Interpretation for Larsen & Toubro Infotech Limited:

- L&T latest twelve months Altman's Z-score is 5.040.
- Mindtree's Altman's Z-score for fiscal years ending March 2013 to 2022 averaged 5.75.
- Mindtree's operated at a median Altman's Z-score of 5.28 from the fiscal years ending March 2013 to 2022.

- Looking back at the last ten years, Mindtree's Altman's Z-score peaked in March 2022 at 8.59.
- Mindtree's Altman's Z-score hit its 10-year low in March 2018 of 4.51.
- The company has remained in the "safe zone" throughout the 10-year time period of our analysis as the Z-score has remained above the safe zone of 2.99.
- Mindtree's Altman's Z-score increased in 2014 (6.40, 27%), 2016 (5.64, 12%), 2019 (4.72, 5%), 2020 (5.52, 17%), 2021 (7.35, 33%), 2022 (8.59, 17%) and decreased in 2015 (5.03, -21%), 2017 (4.71, -17%), 2018 (4.51, -4%).

5.2. Latest twist in the hostile takeover

With a market valuation of Rs. 1.36 lakh crore, LTIMindtree, the business established by the merger of Larsen & Toubro Infotech (LTI) and Mindtree, would be India's fifth biggest IT services firm. The deal, which was disclosed on Friday, will move Tech Mahindra to sixth place, with a market cap of Rs. 1.25 lakh crore.

A. M. Naik, Group Chairman of the parent entity L&T, stated that the two organizations will reinforce each other and that there will be no cultural differences between them. The first uproar caused by owners stemmed from fears that this was a hostile takeover. People are wondering if this will be effectively incorporated because of the negative exposure (ET Now Digital, 2022).

LTI purchased a 61% share in Mindtree three years ago, in 2019. Around that time, Mindtree's founders said that they would not accept the aggressive bid for their firm, calling the purchase an incomprehensible transaction.

According to Naik, while the Mindtree founders mistook it for a hostile takeover, "it was not".

When the transaction is completed, all Mindtree shareholders will be granted 73 LTI shares for every 100 Mindtree shares. The newly issued LTI shares will be exchanged on the NSE and BSE. After the transaction, Larsen & Toubro Limited will own 68.73 percent of LTI.

For the time being, the firms will continue to operate separately. A Transition Committee will be formed to manage the transition until the merger process is completed.

5.3. Technical analysis of L&T Infotech Ltd.

The below technical chart and line chart are consolidated for the 5-year period and show the stock price of LTI and movement along with the candle stick patterns formed. Below listed are the few major events and news analyses for which the market reaction was of huge consideration.

Figure 3. Events and market reaction analysis

Figure 4. LTI and Mindtree merger news and market reaction analysis

5.4. Major event

Shares of Larsen & Toubro Infotech (LTI) and Mindtree dropped as much as 5% on May 2022 on the two companies' announcement of a through stock transfer. It was known that shareholders of Mindtree will exchange 100 shares of the former company for 73 shares of Larsen & Toubro Infotech.

Among the individual shares, LTI dropped 2% to Rs. 4,486.35 and Mindtree dropped 5% to Rs. 3,206.90. The shares of both companies have dropped significantly by up to 25% in comparison to the benchmark index's 8%. The share price of the stock fell steadily after the news was released.

Following the merger, LTI promoters would own 43.9% of the combined company, while Mindtree promoters would own 24.8%, bringing the overall promoter shareholding to 68.7%. With a combined market cap of US$18 billion, the combined business will surpass TechM to rank as the fifth-largest provider of IT services in India.

Also, based on the research outcome and the prediction of the researcher, it can be concluded that the share swap ratio suggests that Mindtree has been valued at -0.6% less than the closing price (Rs. 3,374), using LTI's share price (Rs. 4,593) as the swap's base.

LTI debuted on the stock market in 2016. The stock closed lower on debut despite the fact that the issue had been subscribed 11 times over. The reduction, according to the news and research, was more closely tied to the period's bad performance of the IT services sector than anything specific to LTI.

Acquisitions have resulted in the addition of capabilities. For instance, the intellectual property used to develop Mosaic was developed by the Pune-based company AugmentIQ, which LTI acquired in November 2016. Syncordis, which LTI subsequently bought, provided opportunities in banking software consultation and installation, specifically with software from Switzerland's Temenos AG. Additionally, the acquisition enabled LTI to deliver Temenos' banking software as a service, placing LTI as a great supplier of tech services for the banking sector. The market reacted well to this development, and the share price of LTI increased by 2% so an uptrend was visible.

At the time, a US$150 million contract to build a sizable chunk of the IT required by a South African bank that was separating from its UK-based parent gave the company its largest order win in history.

In line with the expansion of the business and its initiatives, the stock consistently outperformed the market, rising from Rs. 1020 to Rs. 2072 between January 2018 and September 2018, and the third of September saw the greatest transaction volume in the company's history.

In the three months that ended on December 31, 2020, during the COVID-19 time, when all companies were forced to hit the brakes on growth, LTI still ended up with revenue growth of 10.6% as LTI was granted two sizable contracts, including an improved partnership with Abu Dhabi-based cloud services provider Injazat that could generate US$204 million in revenue over the following six years.

From May 2021 to December 2021, the stock price increased constantly and reached a 52-week high of Rs. 7306 during that time. Due to the increase in demand, LTI's successful research, partnerships with industry titans like Microsoft, and expertise in addition to organic and inorganic growth, the business environment and operations appeared to stockholders to be very favourable and contributed to LTI's positive reputation in the market. But when the news of the merger was breaking out there was a drastic fall in the shares price.

The researcher could find that there is a continuous increase in the market price of the equity share from September 2022 as there was an announcement of positive or optimistic quarter 2 results where L&T Infotech recorded a 28.4% increase in overall sales revenues, which came to Rs. 4,836.70 crores on a consolidated basis. Revenues sequentially increased by 6.94%. LTI experienced rapid top-line growth in all industries, including BFSI, manufacturing, energy, high-tech, media, and CPG retail. The revenue rise year over year was 21.6%.

5.5. Technical indicators analysis for LTI

Given that the chosen time for the analysis is long — from the listing date to the present — it was practical to choose candles that are each one month in length for the technical analysis shown below.

5.5.1. Bollinger Bands

At a specific level of standard deviation, Bollinger Bands are drawn as envelopes above and below a price's simple moving average. Because it is based on standard deviation, the width size of the bands adapts to changes in the volatility of the underlying price.

Relative price highs and lows can be determined with the help of Bollinger Bands. A moving average and the upper and lower bands are used in pairs.

Figure 5. Bollinger Band chart of L&T Infotech stock movements

From the above chart pattern, it can be seen that in the long term, the trend is bullish in nature but in the short term, the stock price is below the signal line (red line).

The researchers can see that the trend reversal is about to happen as the signal line is at Rs. 5171 whereas the latest stock close price is at Rs. 5058 dated as of 11-11-2022.

5.5.2. Moving average convergence/divergence (MACD)

MACD, a momentum trend tracking indicator, shows the relationship between two exponential moving averages of a security price.

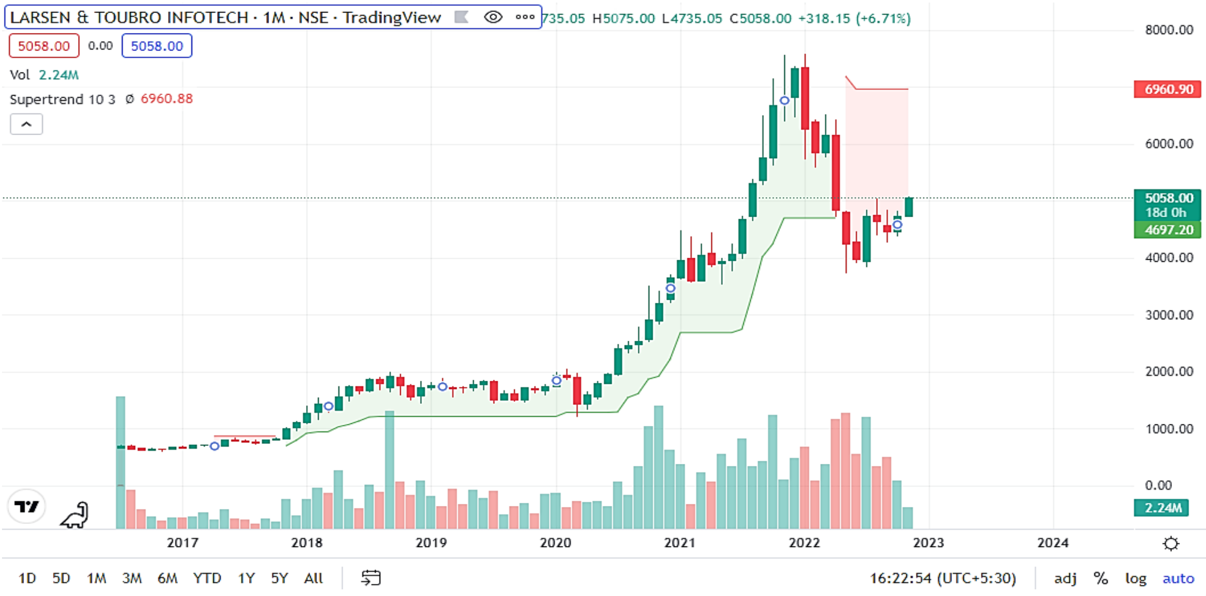
Figure 6. Moving average convergence/divergence

The blue line has crossed the red line in the MACD indicator chart above, indicating a downward trend. Only if the blue line crosses over the red line and rises above the 7500 levels dated as of 11-11-2022 a trend reversal be likely.

5.5.3. Super-trend

Super-trend as the name implies shows the direction of price movement in a market that is trending or moving in a specific direction.

Figure 7. Super-trend stock price movement of L&T Infotech



From the above chart analysis, it can be said that the stock price is currently in a bearish zone, according to the super-trend indicator, and will not cross into a positive zone until it reaches Rs. 6960, which is dated 11-11-2022.

5.5.4. Price-volume indicator

The volume price trend indicator is used to determine whether supply and demand for a security are balanced. While the percentage change in the share price trend illustrates the relative supply or demand of a certain security, volume displays the driving force behind the movement.

This indication shows that there are no faulty or suspicious swings in the stock and that the price movement is almost in sync with the volume changes. The researcher could find that the price candle usually always aligns with the volume candle dated 11-11-2022.

Figure 8. Price-volume trend indicator of supply and demand of L&T Infotech security

5.5.5. Relative strength index (RSI)

The relative strength index, a momentum oscillator, evaluates the rapidity and variation of price changes. The RSI swings back and forth between 0 and 100.

Based on this indicator, the stock has only twice, or three times been overbought and has never been oversold, as the majority of the time, the stock is in the 50 to 55 area it indicates that it is steady and does not have a high relative sensitivity index dated 11-11-2022.

Figure 9. Relative strength index of L&T Infotech security

5.5.6. Volume-weighted average price (VWAP)

A benchmark for trading that displays the daily average price at which a security has traded based on both volume and price is called the volume-weighted average price.

Long-term performance of the stock appears to be excellent, but the researcher can see that it has been trading below the VWAP signal since merger news broke.

Figure 10. Volume-weighted average price of L&T Infotech security

The stock trades mostly at its fair value and appears to be quite stable, free from errors or suspicious movements. The stock price was impacted by the merger news, and based on a few technical indicators, it can be observed that there was a decline. However, the stock is a wise choice for investments over the long term.

5.5.7. Beta analysis

Beta is a measure that evaluates the risk or volatility of a company's share price in relation to the whole market.

When a company has a beta of 1, its ups and downs are directly correlated with the movement of the benchmark index. Stocks with betas below 1 are considered to be less volatile than the market as a whole, while stocks with betas above 1 are considered to be more volatile.

The beta value for Larsen & Toubro Infotech Ltd. is 1.20 (source capitaline), which is slightly higher than 1. According to this metric, the LTI's volatility is a little bit greater than the market's volatility.

5.6. Technical analysis: Mindtree Ltd.

On closely analyzing all the major highs and lows during the FY 2018–19, it can be seen that during the month of March 2018, there was a fall in the price of Mindtree stock due to the release of the news that Mindtree Chairman Krishnakumar Natarajan was selling off 0.25% stake. In fact, another major shareholder, V. G. Siddhartha, an early investor in Mindtree, who previously held a 20.45% stake in the company, directly as well as through two of Coffee Day Group entities, resigned from Mindtree's Board. This may have spread a negative sentiment among the shareholders and hence led to a drop in the price. Another subsequent drop was witnessed in the month of October when the company's September quarter results revealed that Mindtree has some risks pertaining to client concentration. Most of its revenue came from one major client indicating its high independence leaving it prone to pricing cuts and fluctuating volumes.

Figure 11. Candlestick chart for MindTree stock price movements

Figure 12. Line graph representation of stock price movements of MindTree

For most parts of the FY 2019–20, the public sentiment towards Mindtree was pretty bearish. This can be attributed to the whopping decline of 41.40% in the June 2019 quarter.

Cut to the FY 2020-21, in its Report, Mindtree mentioned that the Company closed the FY with the highest-ever deal of US$1.2 billion and a revenue growth of 9.4%. The company managed to bag some leading global clients. Mindtree was selected as a strategic partner in a multi-year agreement with one of the top providers of supplemental and life insurance products in North America to improve the client experience through digital transformation services for their clients. To oversee the outsourced product development for a major portfolio of airlines, hotels, travel agents, and airports, a pioneer in travel technology chose Mindtree. A series of positive news led to a rise in the price of the share of the company and an increase in the volume of shares. In fact, for a large part of the FY, the sentiment was pretty bullish (as can be seen in the graph).

During the second week of July 2021, the stock witnessed an upward trend (a jump to 12.39M volume). The Bengaluru-based IT major had made a net addition of over 3,400 people for the quarter ending June 2021. As demand was robust, the company ramped up its hiring and started rolling out hikes. Moreover, the stock reached a massive new high on the first week of November when it marked itself at Rs. 4919.59 (on November 8, 2021, to be precise).

Coming to January 2022, on January 24, the researcher witnessed a trough in the trade as it dropped from 4013.88 to 3725.70 in a week's time. The reason behind it was SEBI penalization. Two individuals were penalized by SEBI for violating insider trading norms. The regulator fined Gonuguntla Harish and Jagdish Singh Raghuwanshi, who were working for Mindtree at the time of the infraction, one lakh apiece in two consecutive rulings.

Cut to the present FY, on the third week of April, the merger between Mindtree and L&T was announced. It appeared that the announcement had not exactly made the investors happy. Mindtree closed at Rs. 3,956.15, down more than 3%, after also releasing its earnings after market hours. Additionally, L&T Infotech had a decline of around 3%. However, given that it occurred during a period of aggressive market selling, particularly in the IT sector.

5.7. Beta: Mindtree Ltd.

Beta is a statistical metric that contrasts a stock's volatility with the market's overall volatility, which is normally gauged using a reference market index. The market's beta is always 1 since it serves as the benchmark. A stock is predicted to gain more than the market in up markets and decline more than the market in down markets if its beta value is larger than 1. In contrast, a stock with a beta below 1 is predicted to increase less than the market during market uptrends and fall less than the market during market downtrends.

Levered beta is a measure of market risk (sometimes known as simply beta or equity beta). When analysing a company's risk profile, debt and equity are taken into consideration. Unlevered beta eliminates the debt component to focus on the risk posed by the assets of the company alone. Through all three timelines, Mindtree has had a lower levered beta as compared to the unlevered beta. This is a positive sign as it shows that the company has less dependency on leverage (debt) to finance its functioning.

5.8. Discussion of the results

This acquisition are analysed globally based on characteristics such as synergies, cost savings, growing client base, introduction of new technology, and so on. Several acquisitions fail despite sufficient due diligence because post-acquisition culture and human resource integration is neglected. L&T and Mindtree are two culturally diverse organisations, and this cultural mismatch may be the Acquirer's biggest post-acquisition issue. In contrast to Mindtree, L&T operates under the principles of classic management hierarchy, with a top-down management style in operation. Culture compatibility is one of the most critical variables for acquisition success in a talent-driven industry like IT sourcing. Furthermore, Mindtree's top management has resigned, including Mr. Krishnakumar Natarajan, Mr. N. S Parthasarathy, and Mr. Rostow Ravanan, who were directors and held the offices of Executive Chairman, Executive Vice Chairman, Chief Operating Officer, and Chief Executive Officer, respectively. The loss of vital talent, particularly those who manage large accounts, might have a significant impact on L&T's major client accounts if not handled responsibly. Given the promoter's absence, there has been speculation about additional attrition. Addressing this issue, as well as integrating Mindtree's existing employees and infusing trust in important clients, will be critical for L&T's smooth transition.

6. CONCLUSION

On conducting performance analysis based on Altman's Z-score, the researcher arrived at the conclusion that both the companies have been in the safe zone throughout the 10-year period of our analysis as the Z-score has remained above the safe zone of 2.99.

Technical analysis for both companies indicates an encouraging sign. L&T Infotech Ltd. and Mindtree Ltd. are two of the most prominent companies in the tech Industry. L&T Infotech Ltd. is relatively stable, free of errors or unusual movements, and trades primarily at its fair value. The news of the merger has impacted the stock prices of both companies, and according to a few technical indicators, the researchers could see that there was a fall. The stocks, however, are smart option for long-term investing.

In terms of risks associated, both companies have a beta value greater than 1 implying that the stocks are highly responsive or sensitive to the market news.

One can say that the acquisition of Mindtree serves the larger purpose. Mindtree is way ahead of L&T Infotech Ltd. with respect to digitisation. A larger leadership bandwidth will also be offered by the merger, given the esteemed specialists associated with these firms.

Coming to the risks associated with this merger, investors, in our opinion, should pay special attention to any near-term risks that show up as higher attrition and subsequent growth slippages at the two firms. The merger's advantages are more pronounced at the revenue level than at the cost level. With combined revenues of US$3.5 billion (FY 2022) and EBIT of US$625 million, the merged company would rank sixth in India for IT services. There is very little client overlap between the two companies' businesses.

There are a few limitations in this empirical work; this research article is confined to the synergy predictions of the companies. Though the data was gathered from published and reliable sources, due to the time crisis, only 5 years of data were utilized to analyse.

This study can be further extended with decade-long data pre-acquisition and 5-year data post-acquisition in the future, but with the application of ML and AI for the accuracy of the possibility of success or failure of this takeover.

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