

A Systematic Analysis of Economic Value Added (EVA) of the Larsen & Toubro Infotech Limited–Mindtree Limited Merger in India

¹Mr. Pavan Kumar K N¹, ²Dr. Manoj Kumara N V

¹PG Scholar, Department of Management Sciences, Maharaja Institute of Technology Mysore, Mandya, India

²Associate Professor & Research Guide, Department of Management Sciences, Maharaja Institute of Technology Mysore, Mandya, India

¹ORCID ID: 0009-0004-5872-8296

²ORCID: 0000-0001-5066-1868

Abstract

This study examines the impact of the merger between Larsen & Toubro Infotech (LTI) and Mindtree on Economic Value Added (EVA) to evaluate its effect on shareholder value creation. Mergers and acquisitions are widely used as strategic tools to achieve business growth, operational efficiency, and competitive advantage. The study covers a six-year period, including three years before the merger (FY2019–20 to FY2021–22) and three years after the merger (FY2022–23 to FY2024–25). EVA is used as the primary financial performance measure to assess the company's ability to generate returns above its cost of capital. The research is based on secondary data collected from annual reports, financial statements, company publications, and financial databases. Descriptive statistics and a paired sample *t*-test are used to compare EVA before and after the merger. The findings indicate whether the merger improved economic performance and enhanced shareholder value. The study provides useful insights for investors, financial analysts, corporate managers, and researchers on the effectiveness of mergers and acquisitions in the Indian information technology sector.

Keywords: Economic Value Added, Merger, Acquisition, LTI Mindtree, Shareholder Value, Financial Performance

I. Introduction

Mergers and acquisitions (M&A) have become an important corporate strategy for organizations seeking business expansion, operational efficiency, technological advancement, and long-term shareholder value. In today's competitive business environment, companies increasingly adopt mergers to strengthen their market position, improve resource utilization, and achieve sustainable growth. The Indian Information Technology (IT) sector has experienced significant consolidation through strategic mergers, among which the merger of Larsen & Toubro Infotech (LTI) and Mindtree, effective from 14 November 2022, resulted in the formation of LTIMindtree. The merger aimed to enhance business capabilities, expand global presence, improve operational synergies, and deliver greater value to stakeholders. Economic Value Added (EVA) is a comprehensive financial performance measure that evaluates whether a company generates returns exceeding its cost of capital, thereby reflecting true shareholder value creation. Unlike traditional profitability measures, EVA incorporates both operating performance and the cost of invested capital, making it an effective indicator of economic performance. Therefore, this study examines the impact of the LTI–Mindtree merger on Economic Value Added by comparing the three-year pre-merger period (FY2019–20 to FY2021–22) with the three-year post-merger period (FY2022–23 to FY2024–25), thereby assessing whether the merger has contributed to enhanced shareholder value creation and sustainable financial performance.

II. Theoretical Background

The concept of mergers and acquisitions (M&A) refers to the strategic combination of two or more companies to enhance business growth, improve operational efficiency, strengthen market competitiveness, and maximize shareholder value. Organizations undertake mergers to achieve economies of scale, expand market presence, acquire technological capabilities, and create long-term competitive advantages. Economic Value Added (EVA) is a financial performance measure that evaluates a company's ability to generate returns above its cost of capital, thereby reflecting the actual economic value created for shareholders. Unlike traditional financial indicators such as net profit or earnings per share, EVA considers both operating profit and the cost of invested capital, making it a comprehensive measure of value creation. In the Indian Information Technology (IT) sector, strategic mergers such as the LTI–Mindtree merger are expected to improve operational synergies, optimize resource utilization, enhance profitability, and strengthen shareholder wealth. Therefore, evaluating merger performance through EVA provides a more reliable assessment of whether the merger has contributed to sustainable financial growth and long-term value creation.

III. Review of Literature

Schneider (2026) reviewed M&A strategies and value creation across the merger lifecycle and found that strategic planning and post-merger integration are key determinants of acquisition success. Thakur (2024)

examined the long-term financial performance of mergers and acquisitions and concluded that post-merger performance improves gradually depending on effective integration and financial management. Chakraborty (2024) conducted a systematic review of banking sector mergers and acquisitions and identified research gaps in post-merger financial performance while suggesting future research directions. Rohra (2023) reviewed global evidence on mergers and acquisitions and their impact on corporate performance and found mixed evidence regarding value creation and shareholder wealth. Chiaramonte (2023) presented a bibliometric review of M&A research in the financial industry and identified major research themes while highlighting post-merger performance as an important future research area. Gulati (2022) investigated the impact of mergers on stock returns and Economic Value Added (EVA) in Indian firms and found significant long-term improvement in EVA after mergers. Ray (2022) explained M&A as a strategic growth tool focusing on valuation and integration and emphasized that successful integration is essential for long-term value creation. Kettenbach (2022) analyzed value creation from M&A announcements in the US IT industry and reported that investor reactions depend on expected synergy and strategic fit. David (2021) developed an economic model to evaluate the broader impact of mergers and acquisitions and concluded that M&A activity significantly influences economic efficiency and firm productivity. Osuma (2021) conducted a systematic literature review using bibliometric analysis and reported that many mergers create synergy while others fail due to integration challenges.

Segal (2020) reviewed stakeholder perspectives in mergers and acquisitions and suggested that future research should consider employees and other stakeholders alongside shareholders. Carril-Caccia (2020) examined mergers and acquisitions from a global value chain perspective and found that stronger trade relationships encourage cross-border M&A. Riad (2019) discussed different dimensions of value in mergers and acquisitions and argued that strategic, social, and ethical values should be considered beyond financial gains. Zhang (2018) investigated the impact of M&A on firms in emerging economies and found that technology-seeking and market-expansion mergers improve firm performance. Kumar (2018) explained mergers and acquisitions as a strategy for rapid business growth and highlighted economies of scale and shareholder value creation. Gor (2017) evaluated post-merger Economic Value Added (EVA) and concluded that successful mergers improve economic value and shareholder returns. Yaghoubi (2016) reviewed major theories and evidence on mergers and acquisitions and found that managerial overconfidence and valuation errors influence M&A success. Abdullayeva (2015) examined value creation in mergers and acquisitions within the energy sector and found that well-planned mergers positively affect shareholder value. De Graaf (2013) reviewed synergy valuation practices in mergers and acquisitions and emphasized that operational and financial synergies are the primary sources of value creation. Hitt (2012) explained how firms create value through mergers and acquisitions and concluded that acquisition timing, integration capability, and strategic fit determine M&A success.

IV. Problem Statement

Although mergers and acquisitions are undertaken with the objective of achieving operational synergies, improving financial performance, and enhancing shareholder wealth, the actual creation of economic value varies across companies. Some mergers fail to generate the expected benefits due to integration challenges, increased costs, or inefficient utilization of resources. Therefore, it is important to evaluate whether the **LTI-Mindtree merger** has contributed to improved value creation for the company. This study aims to examine the impact of the merger on **Economic Value Added (EVA)** by comparing the company's value creation performance before and after the merger.

V. Objectives of the Study

To analyze the impact of the LTI-Mindtree merger on Economic Value Added (EVA).

To evaluate the changes in shareholder value creation before and after the LTI-Mindtree merger using Economic Value Added (EVA).

VI. Research methodology

6.1 Research Method

The study adopts a **descriptive and analytical research methodology** to examine the impact of the merger between **Larsen & Toubro Infotech Limited (LTI)** and **Mindtree Limited** on **Economic Value Added (EVA)** and shareholder value creation. The research is based entirely on **secondary data** collected from the annual reports, financial statements, investor presentations, stock exchange disclosures, and other published sources of LTI, Mindtree, and LTIMindtree Limited. The study evaluates the company's financial performance by comparing the pre-merger and post-merger Economic Value Added (EVA). Statistical techniques such as descriptive statistics, one-sample t-test, and paired sample t-test are used to analyse the significance of changes in EVA and assess the effectiveness of the merger in creating long-term shareholder value.

6.2 Sampling Design

Sampling Method:

The study uses **purposive sampling** to select LTI–Mindtree as the research subject, as it is one of the significant mergers in the Indian Information Technology sector and provides adequate financial information required for EVA analysis.

Table 1 **Selected Sample**

Sector	Company	Type of Study	Period of Analysis
Information Technology (IT) Sector	L&T Infotech (LTI) and Mindtree	Pre-merger and Post-merger EVA Analysis	Before and After Merger Period

Sampling Size:

The study considers financial data of LTI, Mindtree, and LTI–Mindtree Limited for the selected years before and after the merger. The total observations are based on yearly financial data used for calculating **NOPAT, Capital Employed, WACC, and Economic**

Table 2 **Economic Value Added (EVA).**

Particulars	Details
Sampling Method	Purposive Sampling
Selected Company	LTI–Mindtree Limited
Industry Sector	Information Technology (IT) Sector
Study Period	Pre-merger and Post-merger Period
Sample Unit	Annual financial data of the company
Sample Size	Financial year-wise observations before and after merger
Key Variables	NOPAT, Capital Employed, WACC, EVA
Purpose of Sampling	To analyze the impact of merger on economic value creation

6.3 Source of Data

The study is entirely based on **secondary data**. The financial information required for the calculation of **Economic Value Added (EVA)** was collected from the annual reports, financial statements, investor presentations, and official company disclosures of **LTI, Mindtree, and LTI–Mindtree Limited**. The data related to **Net Operating Profit After Tax (NOPAT), Capital Employed, Cost of Capital (WACC), and other financial indicators** were obtained from published financial sources.

6.4 Tools of the Study

Descriptive Statistics

Descriptive statistics such as **Mean, Standard Deviation, Minimum, Maximum, Skewness, and Kurtosis** are used to summarize and analyze the financial performance indicators of LTI, Mindtree, and LTI–Mindtree Limited. These measures help in understanding the changes in **NOPAT, Capital Employed, WACC, and Economic Value Added (EVA)** before and after the merger.

Comparative Analysis

Comparative analysis is used to examine the differences in **Economic Value Added (EVA)** between the pre-merger and post-merger periods. This analysis helps in evaluating whether the LTI–Mindtree merger has improved economic value creation and shareholder wealth.

Trend Analysis

Trend analysis is applied to study the movement and changes in EVA components over the selected study period. It helps identify the impact of the merger on profitability, capital efficiency, and value creation.

Paired Sample t-test

A paired sample t-test is used to compare the mean Economic Value Added (EVA) before and after the LTI–Mindtree merger to determine whether there is a statistically significant difference between the two periods. This test helps evaluate whether the merger has significantly improved economic value creation and shareholder value.

6.5 Hypotheses

H₀₁: The LTI-Mindtree merger has no significant impact on Economic Value Added (EVA).

H₀₂: There is no significant difference in Economic Value Added (EVA) before and after the LTI-Mindtree merger.

7 Data Analysis & Interpretation

7.1 Economic Value Added (EVA) Calculation

Where,

- **NOPAT (Net Operating Profit After Tax) = EBIT × (1 – Tax Rate)**
- **Capital Charge = Capital Employed × WACC**

For the purpose of this study, the following assumptions are considered:

- **Corporate Tax Rate = 25%**
- **Weighted Average Cost of Capital (WACC) = 10%**

Table 3 Economic Value Added (EVA) Calculation

Particulars	Calculation	Amount
EBIT	Given	2,180
Less: Tax @ 25%	2,180 × 25%	545
NOPAT	2,180 × (1 – 0.25)	1,635
Capital Employed	Given	6,620
WACC	Assumed	10%
Capital Charge	6,620 × 10%	662
Economic Value Added (EVA)	NOPAT – Capital Charge	973

The EVA of LTI for FY2019–20 is ₹973 Crores. This indicates that LTI generated returns higher than its cost of capital and created positive economic value for shareholders.

7.2 Comparative Analysis of EVA Before and After the LTI-Mindtree Merger

In this section, compare the **average EVA before merger and after merger** to understand whether the merger improved economic value creation.

Table 4 Comparative Analysis of EVA Before and After the LTI-Mindtree Merger

Period	Year	EVA (₹ Crores)
Pre-Merger Period	FY2019–20	973
	FY2020–21	1,136
	FY2021–22	1,389
	FY2019–20	378
	FY2020–21	696
	FY2021–22	1,080
Average Pre-Merger EVA		942
Post-Merger Period	FY2022–23	3,794
	FY2023–24	4,216
	FY2024–25	4,729
Average Post-Merger EVA		4,246

The comparative analysis shows that the average EVA increased from **₹942 Crores during the pre-merger period** to **₹4,246 Crores during the post-merger period**. This indicates that the LTI-Mindtree merger resulted in improved economic value creation and enhanced shareholder wealth.

Table 5 Descriptive Statistics of EVA

Period	No. of Observations	Mean EVA	Minimum EVA	Maximum EVA	Standard Deviation
Pre-Merger Period	6	942	378	1,389	386.32
Post-Merger Period	3	4,246	3,794	4,729	468.12

The descriptive statistics indicate that the **average EVA increased significantly after the LTI-Mindtree**

merger. The mean EVA increased from **₹942 Crores in the pre-merger period to ₹4,246 Crores in the post-merger period**, showing improvement in economic value creation. The higher post-merger EVA values suggest that the merged entity generated better returns compared to the cost of capital employed.

H₀₁: The LTI-Mindtree merger has no significant impact on Economic Value Added (EVA).

One Sample T-Test

	Statistic	df	p
A Student's t	15.7	2.00	0.004

Note. H_a $\mu \neq 0$

Source: www.moneycontrol.com- Annual Reports Database- Jamovi Output

A one-sample t-test was conducted to determine whether the post-merger Economic Value Added (EVA) differed significantly from the benchmark value of zero. The results showed a **t-value of 15.70, 2 degrees of freedom**, and a **p-value of 0.004**. Since the p-value is less than the 0.05 level of significance (**p < 0.05**), the null hypothesis (H₀₁) is rejected. This indicates that the LTI-Mindtree merger had a statistically significant positive impact on Economic Value Added (EVA). The positive EVA values observed after the merger suggest that the merged entity generated returns exceeding its cost of capital, thereby contributing to enhanced shareholder value creation.

- The LTI-Mindtree merger has a significant positive impact on Economic Value Added (EVA).

H₀₂: There is **no significant difference in Economic Value Added (EVA) before and after the LTI-Mindtree merger**.

Paired Samples T-Test

			statistic	df	p
Before	After	Student's t	-30.4	2.00	0.001

Note. H_a $\mu_{\text{Measure 1}} - \mu_{\text{Measure 2}} \neq 0$

Source: www.moneycontrol.com- Annual Reports Database- Jamovi Output

A paired samples t-test was conducted to determine whether there was a significant difference in Economic Value Added (EVA) before and after the LTI-Mindtree merger. The test results showed a **t-value of -30.40 with 2 degrees of freedom** and a **p-value of 0.001**. Since the p-value is less than the 0.05 level of significance (**p < 0.05**), the null hypothesis (H₀₂) is rejected. This indicates that there is a statistically significant difference in Economic Value Added (EVA) before and after the merger. The post-merger EVA is considerably higher than the pre-merger EVA, suggesting that the LTI-Mindtree merger has significantly improved economic value creation and enhanced shareholder value.

Decision: Reject H₀₂.

Inference: The LTI-Mindtree merger had a significant positive impact on Economic Value Added (EVA), indicating improved financial performance and increased shareholder value creation after the merger.

VIII. Results and Discussion

- The Economic Value Added (EVA) analysis indicates that the LTI-Mindtree merger significantly improved the company's economic performance during the post-merger period.
- The average EVA increased from **₹942 crores** during the pre-merger period to **₹4,246 crores** during the post-merger period, demonstrating enhanced value creation for shareholders.
- The One-Sample t-test results (**t = 15.70, p = 0.004**) indicate that the post-merger EVA is significantly greater than the benchmark value, confirming that the merger had a significant positive impact on Economic Value Added (EVA).

- The Paired Samples t-test results ($t = -30.40$, $p = 0.001$) reveal a statistically significant difference between the pre-merger and post-merger EVA values, indicating that the merger substantially improved economic value creation.
- The positive post-merger EVA values suggest that LTI-Mindtree generated returns exceeding its cost of capital, reflecting efficient utilization of financial resources.
- The findings indicate that the merger created operational synergies, improved profitability, strengthened capital efficiency, and enhanced long-term shareholder value.
- Overall, the statistical analysis confirms that the LTI-Mindtree merger contributed significantly to sustainable economic performance and value creation for shareholders.

IX. CONCLUSION

The study evaluated the impact of the LTI-Mindtree merger on Economic Value Added (EVA) as a measure of shareholder value creation. The findings reveal a substantial improvement in EVA after the merger, indicating that the merged entity generated returns greater than its cost of capital. The results of both the One-Sample t-test and the Paired Samples t-test showed statistically significant outcomes, leading to the rejection of the null hypotheses. This confirms that the merger had a significant positive impact on Economic Value Added (EVA) and enhanced shareholder value creation. The increase in post-merger EVA demonstrates that the strategic integration of LTI and Mindtree resulted in improved operational efficiency, better utilization of capital, and stronger financial performance. The study concludes that the LTI-Mindtree merger successfully achieved its objective of creating long-term economic value for shareholders and strengthening the company's competitive position in the Indian Information Technology sector.

Future research may include a larger number of mergers and acquisitions in different industries to compare post-merger value creation using Economic Value Added (EVA). Researchers may also extend the study period beyond three years after the merger to assess long-term financial performance. Additionally, future studies can incorporate other value-based performance measures such as Market Value Added (MVA), Cash Value Added (CVA), and Economic Profit to provide a more comprehensive evaluation of merger performance. Advanced statistical techniques and comparative industry analysis can further strengthen research on mergers and acquisitions and shareholder value creation.

Bibliography

1. Abdullayeva, N. V. (2015). *Value creation through mergers and acquisitions in the energy sector. Journal of Economic Sciences: Theory & Practice.*
2. Bahadir, S. C., Bharadwaj, S. G., & Srivastava, R. K. (2008). Financial value of brands in mergers and acquisitions: Is value in the eye of the beholder? *Journal of Marketing*, 72(6), 49–64.
3. Carril-Caccia, F., & Pavlova, E. (2020). Mergers and acquisitions and trade: A global value chain analysis. *The World Economy*, 43(10), 2695–2722.
4. Caves, R. E. (1987). Effects of mergers and acquisitions on the economy: An industrial organization perspective. In *The Merger Boom: Proceedings of a Conference Sponsored by the Federal Reserve Bank of Boston.*
5. David, J. M. (2021). The aggregate implications of mergers and acquisitions. *The Review of Economic Studies*, 88(6), 2647–2688.
6. De Graaf, A., & Pienaar, A. J. (2013). Synergies in mergers and acquisitions: A critical review and synthesis of the leading valuation practices. *South African Journal of Accounting Research*, 27(2), 143–164.
7. Gor, A. (2017). Impact of mergers on post-merger economic value addition. *NLDIMSR Innovision Journal of Management Research.*
8. Hitt, M. A., King, D. R., Krishnan, H. A., Makri, M., Schijven, M., Shimizu, K., & Zhu, H. (2012). Creating value through mergers and acquisitions. In *The Oxford Handbook of Mergers and Acquisitions.* Oxford University Press.
9. Hristova-Politikova, M. (2026). Mergers and acquisitions as a strategy for logistics companies to meet the challenges and stay competitive. *ARPHA Conference Proceedings.*
10. Kettenbach, J., & Scherpenstein, M. (2022). *Value creation in mergers and acquisitions.* Copenhagen Business School.
11. Kumar, B. R. (2018). *Mergers and acquisitions.* Springer.
12. Mackenzie, I. (2017). Mergers and acquisitions in the European Union: Acquisition activity and economic performance. *Acta VŠFS – Economic Studies and Analyses.*
13. Ray, K. G. (2022). *Mergers and acquisitions: Strategy, valuation and integration.* Springer.



14. Riad, S., & Daellenbach, U. (2019). Varieties of value in mergers and acquisitions: Time for a new research agenda. *Journal of Organizational Change Management*, 32(2), 180–195.
15. Srivastava, A. K., & Raj, R. (2026). Financial flexibility, cross-border merger and acquisition and firm performance. *International Journal of Productivity and Performance Management*.
16. Thakur, K. (2024). *A study on the impact of mergers and acquisitions on long-term financial performance*.
17. Wan, L., Zheng, Y., Xu, X., & Wang, R. (2026). Merger and acquisition prediction based on deep learning with attention mechanism. *China Journal of Accounting Research*.
18. Whitaker, S. C. (2026). *Mergers & acquisitions integration handbook: Helping companies realize the full value of acquisitions* (Rev. ed.). Wiley.
19. Yaghoubi, R., Yaghoubi, M., Locke, S., & Gibb, J. (2016). Mergers and acquisitions: A review. *Studies in Economics and Finance*, 33(4), 610–623.
20. Zhang, W., Wang, K., Li, L., Chen, Y., & Wang, X. (2018). The impact of firms' mergers and acquisitions on their performance in emerging economies. *Technological Forecasting and Social Change*, 135, 208–216.

Webliography

<https://www.moneycontrol.com>

<https://www.ltimindtree.com>

<https://www.larsentoubro.com>

<https://www.bseindia.com>

<https://www.nseindia.com>

<https://www.screener.in>

<https://www.annualreports.com>