In this global era, Merger and Acquisitions have become a common parlance. Companies are choosing Merger and Acquisition as a way to expand faster, capture new market and enter new boundaries. In Indian industry, the pace for mergers and acquisitions activity picked up in response to various economic reforms introduced by the Government of India since 1991, in its move towards liberalization, privatization and globalization. Over the last decade, mergers and acquisitions in the Indian industry have continuously increased in terms of number of deals and deal value. However, financial gain will emerge in the post merger period where the two companies are worth more together than apart. Therefore, there is a need to study the post merger financial performance compare to pre merger financial performance which can be helpful in assessing the success of merger in the financial terms.

The aim of this study is to investigate and test comparative financial performance before and after mergers and acquisitions of the selected Indian companies. All Companies which are selected as samples are from the different industries like Steel, Banking services, Drugs and Pharmaceutical, Energy, Automobile, Telecommunication involved in Mergers and Acquisitions. The financial data has been collected approx from the fifteen years from 2001 to 2015 as per the year in which mergers and acquisition take place during the year 2006 to 2011. The combined performance of the entire merged companies (five years after merger) and the performance of acquiring companies (five years before merger) have been compared.

This study examines the comparative financial performance before and after mergers and acquisitions of the selected Indian companies. Generally we found that the companies from different industries not give always positive impact on the financial performance after mergers and acquisition compare to pre mergers and acquisition. To measure the overall financial performance of the selected sample companies, this research study included main five Measurement criteria of financial performance. They are ROI, Profitability, Liquidity, Leverage and Efficiency. Each financial measure involved some measurement ratios in it to measure accurately the
financial performance of each and every selected Indian sample company. As a Financial Performance Measurement tools, total seventeen Ratios are taken in to consideration of different types of Financial Measures like ROI, Profitability, Liquidity, Leverage and Efficiency.

The study would like to check the reality of financial performance’s success or failure which will helps and guides the company’s management to take decision of mergers and acquisitions in future and try to find out the fact that financial synergy will be generated always or not, simply by going for mergers and acquisitions.