Review of: "Using the Altman Z-Score Model to Forecast the Financial Distress of a Subset of NIFTY 50 Companies in the Indian Stock Market"

U.S. Mahtani

Potential competing interests: No potential competing interests to declare.

The paper has taken a relevant topic for research but there are basic limitations of this study:

1. The year 2022-23 has been taken for the study. The basis of selecting a single year has not been mentioned. This year was notable as it was post pandemic and would not be a true representative of the company`s performance. The author should have taken a range of years to study its financial health.

2. The author has used Altman`s model of 1968 which has undergone several revisions by different authors. The author should have expanded the literature review to discuss the developments in the prediction of the financial health of companies. Several authors have proposed insolvency prediction models which were more robust than that of Altman (1968) such as Springate (1978), Ohlson (1980), Fulmer (1984) etc., and used various other tools other than multiple discriminant analysis (MDA) as used by Altman (1968). A comparative study using the latest models with different tools would have added more value to the research.

3. Studies have shown that a single model to predict a company's financial health is not applicable to all industries. Each industry has its own set of factors that impact its financial performance and accurately predicts it is in danger of insolvency (Naz Sayaria and Can Simga Muganb, 2017 etc). This aspect should have also been highlighted in the study.

4. The paper does not discuss an original idea; prior studies have covered such analysis in different countries across sectors.

The authors could have added value to the study by bringing a novel method of predicting insolvency or financial distress.