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"

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Reviewer comments for the paper: "Using the Altman Z-Score Model to Forecast the Financial Distress of a Subset of NIFTY 50 Companies in the Indian Stock Market", Qeios

Summary:

In this paper, the author aims to assess the financial distress status of selected NIFTY 50 companies in the Indian Stock Market. The 5 factors Altman Z-Score model was used by the researcher to measure the financial distress of the companies. The author concludes that 9 out of the 39 selected companies are in a state of bankruptcy.

Minor comments:

1. I suggest that a review of syntax and grammar of this article should be done.
2. Maybe it will be adequate to rename the section "Analysis and Interpretation" to "Analysis and conclusions" (with the same size and fonts of the previous sections).

Major comments:

1. I would suggest the author, that before proceeding with application of the Standard Altman Z-Score (5 factors) to the selected companies, the validity of the application of this model in Indian Stock Market companies should be tested. In some countries modifications (in coefficient values and number of factors) have been suggested (see for example Altman, Iwanicz-Drozdowska, Laitinen, and Suvas 2016).
2. Under the hypothesis that the Altman Z-Score is a valid tool to analyze the financial health of the companies selected in the study, it will be interesting to analyze in the paper, using information of previous periods, if the companies that, at that in past periods were in the bankruptcy zone, entered posteriorly in financial distress and/or bankruptcy.
3. As the author mentions, the study done in the paper is solely based on the Alman Z-Score model. It may be convenient to suggest in the paper other metrics and models that should be applied to reinforce (or not) the conclusions of this article.

References:

Altman, Edward I. and Iwanicz-Drozdowska, Malgorzata and Laitinen, Erkki K. and Suvas, Arto. Financial Distress

Prediction in an International Context: A Review and Empirical Analysis of Altman's Z-Score Model, April 2016, Journal of International Financial Management & Accounting. https://doi.org/10.1111/jifm.12053.