

REVISITING ALTMAN Z-SCORE: A CASE OF SELECT COMPANIES REFERRED TO INSOLVENCY AND BANKRUPTCY CODE

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Bankruptcy is termed as legal declaration of insolvency, i.e. one's inability to pay off debts. According to the Insolvency and Bankruptcy Code 2016, a bankrupt entity is a debtor who has been adjudged as bankrupt by an adjudicating authority (i.e. NCLT) by passing a bankruptcy order. Main purpose of the present study is to know whether the bankrupt companies that were declared by RBI were also bankrupt companies according to Edward I Altman Z-score; and to compare the insolvency companies with financially stable companies. Research Methodology followed for this article was descriptive method under quantitative research design using secondary source of data. Descriptive statistical measures like Mean, Standard Deviation, and Kurtosis were also used to know mean performance, consistency in performance, and degree of risk involved in terms of Z-Score and its components of each company under study. Creditors of the seven companies resolved so far were able to realise for about 53% on an average in a quick time bound manner. It further tells us how successful the IBC was in its implementation. The bankrupt companies that were declared by RBI also bankrupt companies according to Altman Z-score. The Z-Score of financially distressed companies is found to be below the benchmark (1.81) throughout the period of study, except in one company named Jaypee Infratech having Z-Score of 2.68 in the beginning year of the study. Very high kurtosis indicates very high degree of risk as was found in case of Amtek Auto, and Electro Steels.

Keywords: *Insolvency; Bankruptcy; Insolvency and Bankruptcy Code; Dirty Dozen Companies; Altman Z-Score; and Kurtosis*
