

Financial Performance Measurement of Private Firms from Information, Communication and Transportation Sector of Karachi Stock Exchange and Financial Distress Measurement Using Z-Score Model

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Abstract

In this study researcher examined the financial performance of private listed firms on Karachi Stock Exchange (A case of Pakistan Information, Communication and Transport Sector). Data used from 2006-2011 of five firms on the basis of available data of companies for study. Used Liquidity, Working Capital Investment and Solvency tests for financial performance measurement and also used Z-SCORE Model of Altman for measurement of financial distress purpose. Liquidity test provide that position of Netsol Technologies Ltd, Hum Network Ltd and Pakistan Telecommunication Company Ltd, liquidity of Telecard Ltd and World Call Telecom Ltd is not impressive. From Networking Capital Measurement point it is conclude that all firms have sound position. In the last case of Solvency the position of Hum Network Ltd and Netsol Technologies Ltd has very well and that of Telecard Ltd and World Call Telecom Ltd has poor and Pakistan Telecommunication Company Ltd has average results but not so well. From the results of Z SCORE Model it is concluded that the position of all firms are sound except of Telecard Ltd but it also improved in last years of the study. Netsol Technologies Ltd has financial vary sound of this sample study than followed by Hum Network Ltd. Third good position has by Pakistan Telecommunication Company Ltd then secured position of World Call Telecom Ltd and status of Telecard is rated last by this study.

Keywords: financial performance measurement, liquidity, Working Capital Investment, Solvency and Financial Distress.

Introduction

As we know in the current scenario Information, communication & transport Services sector play an important role. All of these are service provider to the general public, most of the research work is available in other sectors but this special work is related with this special sector. The concepts of information, communication and transportation is briefly discuss as Information means within a system the propagation of cause and its effects, information is either conveyed in the message content form or in the form of indirect and indirect observations of something. It is encoded in different forms for the purpose of transmission and interpretation of messages. Communication is the process of conveying of information through different modes and in different forms. Communication involves the process of thought, encoding and decoding, it require the sender, message, medium and receiver. For the cultural development and producing knowledge base societies the good communication system is need of day. It plays a role of awareness for the integrated societies. Transportation is the movement from one place to another of goods, people and animals, if is exist in different modes. With the help of transportation the trade is enabling between people which lead to the civilization development. The transportation infrastructure needs fixed installation as well terminals which are used for cargo and passengers interchange. In today era every type of transportation developed to a great extent.

In Pakistan in last decay the information, communication and transportation sector show the rapid and positive changes tough it is not efficient like the developed economies. Both local as well international and multinational companies provide their services in very efficient ways. All these services of this sector have very important contribution for the rapid economic development in Pakistan economy. The location of Pakistan is having unique geo strategic that's way it provide the most effective and economic routes in all season to central Asian countries and as well to other neighbor countries. For the development of the economy the role of transport sector cannot under estimate and the government vision 2025 is set to achieve its integrated and efficient transport system. In modern era the efficient transport sector with efficient infrastructure consider as economic factor of production.

The brief introductions of selected companies are here mention as HUM Network was incorporated in February 2004 as public limited company than it was changed to Eye Television Network limited and at last in January 2011 changed to Hum Network Limited. It is being the first listed company of Pakistan electronic media on Karachi stock exchange and issued the IPO in June 2005. Netsol Technologies provide the automated and IT enabled solutions across the globe, it focus on cost effective development of customized application software, its services are also high quality and consulting. Pakistan Tele-communication Limited is a major pillar in Pakistan

telecommunication sector. It has been criticized by Pakistan civil society and other small operators in this scenario. It is working under Pakistan telecommunication act 1991, in 1991 government announces a plan to privatize this company. 1995 Pakistan telecommunication reorganization ordinance was formed and listed on stock exchanges of the country. In 2005 government decided to sell out twenty six percent shares of the company to Private Corporation.

Tele card is working on diverse basis across the world to provide the long distance and call services at international level. It is a unique combination internet/data and voice for the first time in Pakistan. World Call is Oman Telecommunication Company started its business in Pakistan in June 1996. It brings advance shifts in industry and as in technology, it help to fulfill the needs of local market by providing a diversified services. It became an associate company after acquisition of major share by Omantel in 2008.

In this research I have examined the financial performance of private firms from information, communication and transportation sector in Pakistan by using the model of Z-Score design by Edward I Altman for the firms of non-manufacturing and private in nature. Edward I Altman designs the model first time for public and manufacturing business than he modified it for non-manufacturing its model is discussed in research methodology portion of this work. The model used in this study is Z-Score and it is design for the private and non-manufacturing sector firm's analysis. In this sector different local and international and multinationals companies compete with each other and the changes are so fast that come overnight. Therefore, I have selected this sector for study to examine the financial performance or financial soundness of private companies in information, communication and transportation sector in Pakistan.

According to Lahiri M that's important in this competitive era to measure the financial soundness of business. Financial soundness can be measure by a number of proxies which are closely related with each other. It is generally observed that performance of firms depend on some key financial indicators, which have close interdependencies on each other and such indicators are part of firm's balance sheets. For the performance measures often use the ratios such ratios are more than forty in number to use for performances measurement. As a single ratio cannot determine good result that way Altman combined a number of accounting ratios as a form of index for profitability, which is a good indicator to measure the financial soundness. On the basis of this model in this work used the Z-Score to analyze the oil industry selected companies.

Lahiri M examined the financial health of Indian oil corporation limited using Z Score Model, data in collected from annual reports for a period of eight years (2005-2012), concluded that Indian oil Z-Score is 1.8528 and by comparing with the standard of Altman if it is in range of 1.8 and 2.99 than firms will be bankrupt, while in this study he examined the positive trends such as profitability of firms are significant and overall financial health is positive and then conclude that in near future there is no indication of firms failure but in long run cannot forecast the failure of firms.

Review of Literature

krishnaChaitanya (2005) examined the financial distress of the industrial development bank of India, used for this purpose the Z score of Altman and conclude that this bank will face insolvency in next years of its operations.

Chowdhury and Suborna (2009) examined financial distress of companies of Dhaka Stock exchange by using Z score model. Sample of 53 companies are used in which five are out of bankruptcy dangerous situations, seven of them in gray area and 41 are in high financial distress position.

Reddy and Hari (2012) investigate the financial position of selected sugar companies in Andhra Pradesh, India by using Z score model. From the analyze result concluded that working capital, turn over ratios, solvency and liquidity of firms are not in good position. On the basis of Z score model it's finding that these companies will face financial distress situation and move towards bankruptcy position.

Ramana, Azash and Ramakrishnaiah (2012) conduct a study to examined financial performance of firms from cement sector in India and also predict the bankruptcy in 2000-2010. For performance measurement used liquidity, working capital and solvency ratios and also used Z score criteria. The results show of this work that the ratios are not satisfactory, out of three company's two companies Z score results are show poor performance and one firm has almost at bankruptcy position.

Research Methodology

every research work has its own and definite theoretical framework, in this study the variables used, its relationship in mathematical form and its theoretical aspects are discuss in this section.

Population and Sample of the Study

Select the information, communication and transportation sector for study, for special purpose select the private listed firms on Karachi Stock Exchange. The sample is selecting on the basis of data availability of firms, some firm have data in the required period but its analysis was totally different from this selected companies which are consider for study.

Data and Source of Data

Data is secondary in nature, collected from income statement and balance sheets of these selected companies and

data is get from balance sheet analysis of non-financial companies from 2006 to 2011. Data used up to 20011 because the recent data is not available in such format.

Variables of the study

In this study used the various variables measurement for the performance check of firms and as well as the variables of Z score model first I going to discuss other variables for this study.

Liquidity Measurement

Current ratio through which we measure the liquidity of a firm which relate the current assets of a firm to its current liabilities, it show how a firm pay its current liabilities from its current assets higher the ratio high will be its liquidity and low ratio indicate the short term insolvency. The second measurement use in this work for liquidity measurement is quick ratio which is measurement of current assets minus inventories divided by current liabilities which indicate that how a firm will pay its short term obligations from its quick assets/most liquid assets.

Working Capital Investment Measurement

As we know that inventories and account receivables block the funds for most of the time in business. If the level of slow paying receivables and slow convertible inventory to receivables increase than it store the funds in form of working capital but the liquidity is become low. To consider its efficient measurement is also an important addition with the liquidity ratios measurement. For this measurement use the inventory-turnover-ratios calculated as ratio of cost of sales divided by inventories, day's sales outstanding in inventory measurement of 365 days of a year divided by inventory turnover ratio, account receivables turnover ratio is a measurement of net credit annual sales divided by receivables and day's sales outstanding in account receivables and it is a mathematical measurement of 365 days of a year divided by receivable turnover ratio.

Solvency Measurement

It is also important to consider the solvency of firms and it is clear that by using various ratios the financial and operating performance of firms in different sectors is examine. Use various ratios for performance measurement leads to different results which show the performance of firms in various shapes. The solvency are measure in this work by using various tools/ratios such as working capital to total assets, retain earning to total assets, earnings before interest and tax to total assets, ratio of equity to total assets and ratio of sales to total assets. All these measurement are used in this work in light of previous research work as mention in Ramana, Azash and Ramakrishnaiah (2012) and Reddy and Hari (2012).

In Z score model used the ratio of working capital to total assets it means it relate the liquidity to size of firm, in second option use the accumulated retain earnings and total assets ratio which indicate the relation of total reinvested amount to total assets. It show that how much the firm assets are financed from the profit earned. In third step of model relate the firm earnings before interest and tax with total assets, it represent the earning power of firms and mention firm operating performance. It explains that the existence of firm is depending on the earning power of its assets.

Z-SCORE Model of Study

Used the model of Edward I. Altman in this study, which is known as Z Score model and use for the measuring of prediction of companies bankruptcy. From such model get a single number, in this model use total four different ratios from financial statements. Based on such Multiple Discriminate Analysis in this model forecasts financial position of firms in non-manufacturing sectors and such firms will be publically listed but private in nature too. The mathematical form of model as:

$$Z = 6.56X1 + 3.26X2 + 1.05X3 + 6.72X4$$

Where

X1 = Net Working Capital/Total Assets

X2 = Accumulated retained earnings/total assets

X3 = Earnings before Interest and Taxes/Total Assets

X4 = Book Value of Equity/ Total Liabilities

Z = overall index

Standard are sit for decision making on the basis of this model such as:

If $Z < 1.23$ indicates a bankruptcy prediction,

$1.23 \leq Z \leq 2.90$ indicates a gray area,

And $Z > 2.90$ indicates no bankruptcy.

The model of Z score in 1968 developed by Altman and used for sample of sixty six companies from the manufacturing sector and developed the two groups of thirty three companies. After that revised this model for non-manufacturing firms bankruptcy measurements.

Results and Interpretations

Table 01: Liquidity tests of Hum Network Ltd, Netsol Technologies Ltd, Pakistan Telecommunication Co. Ltd, Telecard Ltd and World Call Telecom Ltd

Companies	Hum Network Ltd		Netsol Technologies Ltd		Pakistan Telecommunication Co. Ltd		Telecard Ltd		World Call Telecom Ltd	
	Current Ratios	Quick Ratios	Current Ratios	Quick Ratios	Current Ratios	Quick Ratios	Current Ratios	Quick Ratios	Current Ratios	Quick Ratios
2006	3.98	3.98	6.42	6.42	1.68	1.68	0.64	0.64	1.25	1.24
2007	4.73	3.81	3.59	1.85	1.49	1.40	0.43	0.43	0.77	0.76
2008	3.49	3.49	3.26	3.26	0.65	0.65	0.33	0.33	1.02	0.99
2009	1.89	1.89	3.59	3.59	1.04	1.03	0.76	0.76	0.78	0.74
2010	1.64	1.63	3.53	3.53	1.09	1.09	1.62	1.62	0.43	0.40
2011	1.99	1.99	2.23	2.23	0.98	0.97	1.74	1.74	0.62	0.60

In table 01 summarize the liquidity test results of sample firms, the current ratios of Hum Network Ltd show that from 2006 it increase to 2007 and then show the decline pattern up to 2010 and in 2011 there is slight upward movement. Pattern of quick ratios of Hum Network Ltd is almost same as current ratio. Which indicate in first three of study its liquidity is high and then shows the downward trend. Current ratios of Netsol Technologies Ltd is high in first year of study then decline up to 2008, in 2009 increase but in later years again decline but still it is in good liquidity status and the pattern of liquidity change is same like current ratios but it is still at strong liquid position. Current ratios of Pakistan Telecommunication are not good throughout the study period and the pattern of quick ratios is also not so impressive.

Current ratios of Telecard Ltd are decline from 2006 to 2008 and then increased from 2009 to 2011 but still it is not so good according to the standard requirement. The results of quick ratios are also the same pattern of this company. World Call Telecom Ltd current ratios result indicate that it decline from 2006 to 2007 and in 2008 again increase but the results decline once again to 2010 and slight upward movement shown in 2011 and the movement of up and down ward of quick ratios are have the same pattern in this case. The results of quick and current ratios are have almost same pattern and in some situations because inventory level of some firms are zero and in some cases is very low that's way the level of both ratios are almost equal.

Table 02: Working Capital Investment Test Results of Hum Network Ltd

Years	Inventory turnover ratios	Inventory turnover in days	Receivable turnover	Receivable turnover in days
2006	7,449	0.04	3.24	112.63
2007	8	43.01	4.71	77.49
2008	1,047	0.34	3.08	118.48
2009	550	0.66	2.73	133.55
2010	556	0.65	2.98	122.19
2011	3,058	0.11	3.06	118.99

In table 02 mention results of working capital investment of Hum Network Ltd, inventory turnover and resembles turnover ratios results have same pattern of fluctuations it is high in first year of study, decline in next year and again raise inventory turnover in next year but receivable decline in next year. From 2009 to 2011 the inventory turnover and receivables are continuously increased. High ratios and increasing trend show the positive position of firm's working capital investment management. It means the firm manages its activities very efficiently. Inventory turnover in days increase from 2006 to 2007 and decline in 2008 but show continues decline from 2009 to 2011 it means its days of inventory turnover to sales is low which is a good sign for firm. Ratios of receivables also decline in second year of study, increase in 2008 but then show continuously decreasing trend. Decreasing of such ratios show good sign for firms its means days of conversion of receivables to cash is high which necessary for efficient performance and sign of good management.

Table 03: Working Capital Investment Test Results of Netsol Technologies Ltd

Year s	Inventory turnover ratios	Inventory turnover in days	Receivable turnover	Receivable turnover in days
2006	0	0	3.98	91.69
2007	1	391.03	3.39	107.60
2008	0	0	3.59	101.52
2009	0	0	1.73	210.44
2010	0	0	2.08	175.02
2011	0	0	2.01	181.17

Table 03 consist ratios of working capital investment of Netsol Technologies Ltd, inventory turnover ratios are zero except in 2007 because the level of inventory were zero and the value of inventory turnover in days is also zero except in 2007 due to the same reason. Receivables turnover and in days show high and unfavorable results such a high turnover in days is not good for efficient performances and turnover ratio is low only in 2009. High ratios results are unfavorable and low are positive for firm.

Table 04: Working Capital Investment Test Results of Pakistan Telecommunication Co. Ltd

Year s	Inventory turnover ratios	Inventory turnover in days	Receivable turnover	Receivable turnover in days
2006	0	0	4.52	80.64
2007	10	37.98	7.55	48.29
2008	208	1.75	6.40	56.94
2009	117	3.11	8.52	42.81
2010	161	2.26	9.52	38.32
2011	119	3.06	11.08	32.92

Table 04 of working capital investment of Pakistan Telecommunication Co Ltd inventory turnover ratios are low in first and second years but it show good results in remaining period of study that a good indication of firm management. Turnover of inventory in days is high in 2007 and show favorable results in other years of study. Receivables turnover is also positive and turnover in days of receivables is high in 2006 and then is decrease in other time periods of the study. High receivables and low turnover in days is good and positive indication for firm performance.

Table 05: Working Capital Investment Test Results of Telecard Ltd

Year s	Inventory turnover ratios	Inventory turnover in days	Receivable turnover	Receivable turnover in days
2006	167	2.19	18.26	19.98
2007	172	2.12	11.12	32.79
2008	274	1.33	8.74	41.75
2009	332	1.09	6.08	59.94
2010	306	1.19	3.46	105.36
2011	2,589	0.14	5.76	63.26

Inventory turnover ratios are increasing of Telecard Ltd from 2006 to 2009 in table 05, slightly decline in 2010 but high increase trend in 2011 of study period. Turnover in days of inventory decline from 2006 to 2009 which means the days of conversion of inventory to sale is low and positive sign of firm efficient management. Receivable turnover is high in first year and then decline as compare to first year result up to 2010 and then slight upward movement in 2011. Still it results are good and positive and show favorable and efficient management. Receivable turnover in days is low in 2006 but increase up to 2010 and then decrease in 2011. This is not good for efficient management.

Table 07: Working Capital Investment Test Results of Worldcall Telecom Ltd

Year s	Inventory turnover ratios	Inventory turnover in days	Receivable turnover	Receivable turnover in days
2006	153	2.38	7.17	50.86
2007	85	4.28	5.20	70.13
2008	35	10.49	5.34	68.29
2009	39	9.44	3.97	91.88
2010	34	10.64	3.70	98.60
2011	30	12.25	2.45	148.38

Working capital investment results of world Call Telecom Ltd in table 07 reveal that inventory turnover decline up to 2008 and increase in 2009 but again start decline trend, still its ratios has good results. Inventory turnover ratios in days increased from 2006 to 2008 and decline in 2009. show upward movement from 2010 to 2011. Receivables turnover decreased to 2007 but increased in 2008. From 2009 to end of study period its results show decline pattern. Pattern of receivable turnover in days also show fluctuation type pattern, its values are high which is not positive from management point of view.

Table 08: Solvency Test Results of HUM Network Ltd (2006-2011)

Years	Working Capital to Total Assets	Retain Earning to Total Assets	EBIT to Total Assets	Equity to Total Assets	Sales to Total Assets
2006	0.55	-0.01	0.81	0.77	0.98
2007	0.59	0.20	0.84	0.72	1.66
2008	0.58	0.23	0.76	0.71	1.41
2009	0.30	0.19	0.65	0.60	0.93
2010	0.26	0.08	0.59	0.56	0.86
2011	0.32	0.08	0.67	0.64	0.90

Table 08 provides information of solvency of Hum Network Ltd by Working capital to total assets which has good results though it shows a continues decline in its results up to 2010 has a slight increase in 2011. Retain earning to total assets has negative value in 2006, increased from 2007 to 2008 and then decline in 2009. After that have constant results, it means in financing the ratio of retain earning is low and the firm not financing from internal sources and it distribute its earning among shareholders. Earnings Before Interest and Taxes to total assets ratios decline from 2006 to 2010 and then slight positive movement shown in 2011. Its results are good in this case which has good solvency result. Equity to total assets has also have the same pattern result which is still high means the contribution in total financing of firm by shareholder is high that debts. Sales to total assets result has also very positive position which indicate its solvency and good efficient management of resources.

Table 09: Solvency Test Results of Netsol Technologies Ltd

Years	Working Capital to Total Assets	Retain Earning to Total Assets	EBIT to Total Assets	Equity to Total Assets	Sales to Total Assets
2006	0.54	0.15	0.89	0.89	0.56
2007	0.46	0.26	0.81	0.81	0.67
2008	0.42	0.28	0.81	0.80	0.62
2009	0.35	0.10	0.86	0.81	0.37
2010	0.34	0.21	0.86	0.84	0.48
2011	0.19	0.15	0.84	0.81	0.40

Solvency test results of Netsol Technologies Ltd show in table 09, working capital to total assets is decline from 2006 to 2011. Which show its low solvency position is weakened with the passage of time in the study period. Retain earning to total assets is first increase from 2006 to 2008 and then decline and increased way of fluctuation shown. It means the internal source of financing is not used. EBIT to total assets has very good track record means efficiently manage its operations. Equity to total assets has also very outstanding position of Netsol Technologies Ltd and sales to total assets has also have a positive position but not so effective.

Table 10: Solvency Test Result of Pakistan Telecommunication Co. Ltd

Years	Working Capital to Total Assets	Retain Earning to Total Assets	EBIT to Total Assets	Equity to Total Assets	Sales to Total Assets
2006	0.15	0.13	0.76	0.76	0.47
2007	0.13	0.10	0.72	0.72	0.56
2008	-0.14	-0.01	0.58	0.53	0.42
2009	0.01	0.02	0.70	0.48	0.43
2010	0.02	0.03	0.77	0.51	0.47
2011	-0.00	0.02	0.75	0.50	0.49

The position of solvency of Pakistan Telecommunication Company Ltd has mention in table 10, working capital to total assets has decline to 2008 from 2006 than have a slight increase but its overall results are satisfactory in this time period. Retain earning to total assets has also have low values as compare to other firms. The results of EBIT to total assets good and means operational management are efficient. Equity to total assets decline to 2009 from 2006 and after that small increased has shown. Sales to total assets have consistent results means not fluctuating in this period of study. Means the overall solvency has positive though some value/ ratios has low results.

Table 11: Solvency Test Results of Telecard Ltd

Years	Working Capital to Total Assets	Retain Earning to Total Assets	EBIT to Total Assets	Equity to Total Assets	Sales to Total Assets
2006	-0.16	-0.00	0.52	0.32	0.26
2007	-0.23	-0.05	0.57	0.33	0.23
2008	-0.37	-0.07	0.43	0.26	0.27
2009	-0.09	0.017	0.59	0.29	0.45
2010	0.18	0.12	0.69	0.34	0.34
2011	0.20	0.01	0.72	0.40	0.27

Table 11 indicate results of solvency of Telecard Ltd that working capital to total assets has negative results which show its negative position of solvency though slightly increased from 2010 to 2011. At same time the retain earning to total assets has also negative results and low values in 2009 to 2011. EBIT to total assets has satisfactory results, equity to total assets ratios indicate weak position of firm equity portion in assets. The position of sales to total assets has also not a very positive and strong position. The overall solvency position is not very impressive of Telecard Ltd.

Table 12: Solvency Test Results of World Call Telecom Ltd

Years	Working Capital to Total Assets	Retain Earning to Total Assets	EBIT to Total Assets	Equity to Total Assets	Sales to Total Assets
2006	0.05	0.07	0.78	0.70	0.31
2007	-0.05	0.04	0.76	0.69	0.26
2008	0.00	0.00	0.82	0.63	0.24
2009	-0.05	-0.02	0.76	0.49	0.36
2010	-0.21	-0.07	0.61	0.46	0.33
2011	-0.13	0.00	0.64	0.40	0.31

In table 12 of this research work presents the solvency ratios of World Call Telecom Ltd, working capital to total assets results are negative and in one year it is zero and in 2006 it is positive, which has lower solvency position. Retain earnings to total assets is also has poor position, EBIT to total assets is good and represent its good solvent position. Equity to total assets decline throughout the research time period which also indicates that the level of debts in total assets is high as compare to equity. Sales to total assets position is also low but not much poor; the overall solvency is not good of World Call Telecom Ltd.

Table 13: Z SCORE Results of Hum Network Ltd, Netsol Technologies Ltd, Pakistan Telecommunication Co. Ltd, Telecard Ltd and World Call Telecom Ltd. (2006-2011)

Companies	HUM Network Ltd.	Netsol Technologies Ltd.	Pakistan Telecommunication Co. Ltd.	Telecard Ltd.	World Call Telecom Ltd.
2006	27.71	60.75	24.67	2.68	17.83
2007	23.50	34.11	20.21	2.2	16.00
2008	22.63	33.19	7.58	0.01	12.84
2009	14.29	34.10	7.31	2.65	7.06
2010	11.71	41.50	8.41	6.02	4.72
2011	15.31	32.80	7.85	7.12	4.20

Z score model results of selected companies mention in table 13, Hum Network Ltd is greater than the standard criteria of Model as 2.90. In 2006 it is at highest level than decrease up to 2010 but still it is high and in 2011 it is again raise to high level. It means the financial position/status of Hum Network Ltd is sound and financially it has a strong position and its management focus on its performance. The Z score results of Netsol Technologies Ltd are very good as compare to Hum Network Ltd, decline from 2006 to 2008 but still are very good.

Results of Z score of Pakistan Telecommunication Company Ltd is also favorable but low as compare to Hum Network Ltd and Netsol Technologies Ltd. Results of Telecard Ltd is low and less than standard from 2006 to 2009 but in 2009 it increased from the standard and in 2011 it show very good result as 7.12. It means the management senses the weak performance and show efficient work as to improve their financial position. The Z score results of World Call Telecom Ltd decline from 2006 to 2011 but still it is high than standard of 2.90. This has a sound position of financial performance of World Call Telecom Ltd. From these results it is concluded that the position of all firms are sound except of Telecard Ltd but it also improved in last years of the study. Very good and sound position has the Netsol Technologies Ltd of this sample study than followed by Hum Network

Ltd. Third good position has by Pakistan Telecommunication Company Ltd then secured position of World Call Telecom Ltd and status of Telecard is rated last by this study.

Conclusion

As in this research work examined the financial performance measurement of private and listed firm from information, communication and transport sector of Pakistan by using liquidity, working capital investment and solvency test and also used Z SCORE Model. Liquidity test results provide information that the Netsol Technologies Ltd has high liquidity and Hum Network Ltd has also well in initial time. Pakistan Telecommunication Company is also good after these firms, position of Telecard Ltd is very poor and World Call Telecom Ltd is ranked last. In case of Working capital Investment test results the Hum Network Ltd has well and the inventory case the result of Netsol technologies is weak though positive in receivables case. All firms have good working capital investment position. In the last case of solvency the position of hum network ltd and Netsol Technologies has very good and that of Telecard and World call telecom ltd has poor and Pakistan telecommunication company ltd has average results but not so good. From the results of Z SCORE Model it is concluded that the position of all firms are sound except of Telecard Ltd but it also improved in last years of the study. Very good and sound position has the Netsol Technologies Ltd of this sample study than followed by Hum Network Ltd. Third good position has by Pakistan Telecommunication Company Ltd then secured position of World Call Telecom Ltd and status of Telecard is rated last by this study.

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