ABSTRACT

This study aims to determine the role of financial ratios in predicting financial distress in manufacturing companies listed on the Indonesia Stock Exchange (IDX). The financial ratios used include ROA, Cash Flow to Total Debt (CFTD), Change in Short Term Debt to Total Assets (CSDTA), Equity Ratio (ER), Growth in Total Assets (GITA), Quick Ratio (QR), Short Term Debt to Total Assets (SDTA).

This study uses secondary data collected from bloomberg financial data. The data used are the financial statements of manufacturing companies from 2017 to 2021. The samples used in this study are manufacturing companies listed on the Indonesia Stock Exchange and have negative EPS for three consecutive years during the period 2017 to 2018. The study This method uses the Binary Logistic Regression method to test whether the dependent variable can predict the occurrence of financial distress in the company.

The results of this study indicate that of the seven dependent variables tested, only ROA showed significant negative results in predicting the occurrence of financial distress in the company.

***Keywords: Financial distress*, *Return on Assets* (ROA), *Cash Flow to Total Debt* (CFTD), *Change in Short Term Debt to Total Asset* (CSDTA), *Equity Ratio* (ER), *Growth in Total Asset* (GITA), *Quick Ratio* (QR), *Short Term Debt to Total Asset* (SDTA).**