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ABSTRACT

Financial Distress is the stage before bankruptcy; it is the late stage of corporate decline where the firm finds difficulty in making payments to its creditors and other stake holders. If attention is not paid, it will result in bankruptcy.

Raising rate of indebtedness of Indian Companies directing towards corporate leverage is one of the leading motivating factor for researcher. Therefore the basic purpose of the research is to come up with the model that can estimate the probability of failure or distress of Indian companies using multiple discriminant analysis. Researcher has re estimated the coefficient for developing the model. The research focuses on comparison of financial position of the selected companies by using Z score, O score and newly framed model.

The outcome of the study is when the discriminant functions were used to predict from the five variables, 84% of the original grouped cases were correctly reclassified back into their original categories. Using Logistic regression at the first step, the bankrupt category is classified 67% and not bankrupt category by 91% correctly. The model increase correct classification of 100% as it increases the steps. At the forth step, the bankrupt category is 100% and not bankrupt category by 100% correctly classified.

This will benefit management itself, creditors, investors and other stakeholders in formulating their plans and strategies.

List of Publication:

1. **Miss Jaya Kumari P Dakhwani, D. K. (2018). Predicting Financial Distress of S Kumar Nationwide Ltd- A comparision of Altman's Z score model and Ohlson's O score model. IJCESR , 5 (4), 57-61.**
2. **Miss Jayakumari P Dakhwani, D. K. (2017). Financial Distress Analysis of Selected Indian Pharmaceutical Companies. International Journal of Exclusive Management Research , 7 (10), 16-21.**