



Research Article

Cash conversion cycle of sugar industry in India

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ARTICLE CHRONICLE :

Received:

08.06.2013;

Revised :

20.08.2013;

Accepted:

22.08.2013

SUMMARY : Operating cycle and cash conversion cycle are the important cycle important component in liquidity management of any firm. Cash conversion cycle adds a new dimension and provides a complete insight into the management and liquidity analysis. It reflects the length of time it takes a company to sell inventory, collect receivables and pay its bills. Companies that have trouble in collecting their receivables or have long inventory turnover period can run into liquidity problems because they would find it hard to meet their obligations. Because business operations differ in each industry, it is always more useful to compare companies within the same industry. Hence, it is necessary to analyze the operating cycle and cash conversion cycle of the sugar firms. The data were collected during 2007-12 for forty sugar companies in India and used for the analysis of the study.

How to cite this article : Praveena, S. and Mahendran, K. (2013). Cash conversion cycle of sugar industry in India. *Agric. Update*, 8(3): 461-464.

KEY WORDS :

Cash conversion cycle,
Operating cycle,
Days in inventory
outstanding, Days
in sales outstanding,
Days in payable

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