



FINANCIAL ANALYSIS

Reading a company's results

Top line, bottom line, and whether growth came from the company's own business or from one it bought

Listing rules as amended to 22 Jan 2026

For training and education only. Not investment advice.

Results answer two questions: how much did the company sell, and how much of that was left as profit.

Sales are the top line. Profit after tax is the bottom line. Most of the reading lies in working out why the two did not move together.

Four terms to know



Top line

Revenue from operations: what the company billed for its products and services in the period.



Bottom line

Profit for the period: what is left after all expenses, interest and tax. Also called net profit.



Organic growth

Growth from the company's existing business: more units sold, higher prices, new products or outlets.



Inorganic growth

Growth that comes from buying another business or merging with one. Its sales are added to the buyer's.

Profit margin = profit after tax ÷ sales. It links the bottom line to the top line.

The lines between top and bottom

Line in the statement	What it is	What to look for
Revenue from operations	Sale of products and services and other operating revenue. The top line.	Whether growth came from volume, price or a purchase.
Other income	Interest, dividends and other income from outside the main business.	A large part of the profit coming from this line.
Expenses	Materials, employee costs, finance costs, depreciation and other expenses.	Any cost that grew faster than sales.
Exceptional items	Unusual gains or losses, shown on a line of their own.	Profit before this line and after it.
Profit for the period	What is left after tax. The bottom line. Earnings per share follows it.	Whether profit per share moved the same way.

Source: Schedule III to the Companies Act, 2013, Division II, Part II (format of the statement of profit and loss).

Sales up, profit down

COMPANY R

Last year: sales ₹1,000 crore, all costs ₹900 crore.

This year: sales ₹1,200 crore, all costs ₹1,104 crore.

Tax at an assumed 25% in both years.

- 1 Last year: profit before tax $1,000 - 900 = ₹100$ crore. Tax ₹25 crore. Profit after tax ₹75 crore.
- 2 This year: profit before tax $1,200 - 1,104 = ₹96$ crore. Tax ₹24 crore. Profit after tax ₹72 crore.
- 3 Top line: up ₹200 crore, or 20%. Bottom line: down ₹3 crore, or 4%.
- 4 Margin: $75 \div 1,000 = 7.5\%$ last year. $72 \div 1,200 = 6.0\%$ this year.

Costs rose by ₹204 crore while sales rose by ₹200 crore. Growth in sales did not reach the profit.

Illustration with an invented company and assumed figures.

Four ways the bottom line can grow



Selling more

More units sold. The top line grows, and profit grows with it if the margin holds.



Charging more

A higher price for each unit. The top line grows even if the number of units does not.



Spending less

Lower costs for each rupee of sales. Profit can grow with no growth in the top line at all.



One-time items

A gain on selling an asset, for example. It lifts this period's profit and may not come again.

The first two show up in the top line. The last two change the bottom line only.

How much of the growth was bought?

COMPANY T

Sales: ₹2,000 crore last year, ₹2,600 crore this year. ₹400 crore of this year's sales came from a business bought in the year.

Profit after tax: ₹200 crore, then ₹230 crore. Shares: 10 crore, then 12 crore.

- 1 Reported growth in sales: $(2,600 - 2,000) \div 2,000 = 30\%$.
- 2 Without the purchase: $2,600 - 400 = ₹2,200$ crore. Organic growth: $200 \div 2,000 = 10\%$.
- 3 Profit after tax: $(230 - 200) \div 200 = \text{up } 15\%$.
- 4 Profit per share: $200 \div 10 = ₹20.00$ last year. $230 \div 12 = ₹19.17$ this year. Down about 4%.

Sales up 30%, profit up 15%, profit per share down 4%. Each figure answers a different question.

Illustration with an invented company and assumed figures. New shares assumed issued to pay for the purchase.

Growth compared with what

Comparison	What is compared	Point to note
Year on year	This quarter against the same quarter a year ago.	Takes out seasons such as festival or monsoon quarters.
Quarter on quarter	This quarter against the one just before it.	Shows the recent trend, but seasons can distort it.
Standalone or consolidated	The company alone, or together with its subsidiaries.	In a group, much of the business may sit in subsidiaries.
Reported or like-for-like	All sales, or sales leaving out businesses bought or sold.	Like-for-like growth is the organic part.

A listed company with subsidiaries gives both standalone and consolidated results each quarter: SEBI listing regulations, regulation 33(3).

The reporting calendar

When a listed company has to publish, under SEBI's listing regulations as amended up to 22 January 2026.

QUARTERLY RESULTS

45 days

From the end of each of the first three quarters. They may be unaudited, with a limited review.

AUDITED ANNUAL RESULTS

60 days

From the end of the financial year. The fourth quarter's figures come with them.

NEWSPAPER NOTICE

48 hours

From the end of the board meeting that approved the results. It carries a QR code and web link.

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regulations 33(3) and 47(1), as amended up to 22 Jan 2026.

If you learnt this from older material

What older material says

- A listed company may choose whether to give consolidated results each quarter.
- The results are printed in the newspaper.
- The reader works out the ratios from the accounts.

What holds now

- Since 1 April 2019 a company with subsidiaries must give them every quarter.
- Since 13 December 2024 a notice with a QR code and web link is enough.
- Annual accounts disclose eleven ratios under Schedule III, from 2021-22.

The ideas of top line, bottom line, organic and inorganic growth are unchanged.

Sources: SEBI listing regulations, regulations 33(3)(b) and 47(1), with amendment footnotes; Schedule III, Division II.

Four things people get wrong



'Sales grew, so profit grew.'

Costs can rise faster than sales. Read the margin alongside the two growth figures.



'A jump in profit means a strong quarter.'

Check for an exceptional item or a rise in other income. A one-time gain may not come again.



'A bigger company earns more per share.'

A purchase adds sales at once. Profit per share depends on the price paid and on the debt taken or shares issued to pay it.



'Compare with the last quarter.'

Many businesses are seasonal. The same quarter a year ago is usually the fairer comparison.

Check yourself

Q1

Sales rose from ₹800 crore to ₹1,000 crore. Profit after tax rose from ₹80 crore to ₹90 crore. By how much did each grow, and what happened to the margin?

Q2

Sales went from ₹1,500 crore to ₹1,950 crore. ₹300 crore of the new figure came from a business bought in the year. What are reported and organic growth?

Q3

A client says: 'The company's profit doubled this quarter, so it is doing very well.' What would you look at before agreeing?

Sources and disclaimer

SOURCES FOR THE FIGURES IN THIS DECK

- Lines of the statement of profit and loss: Schedule III to the Companies Act, 2013, Division II, Part II, as reproduced by ICAI.
- Quarterly results in 45 days, audited annual results in 60 days, consolidated results: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regulation 33(3).
- Newspaper notice within 48 hours with QR code, from 13 Dec 2024: same regulations, regulation 47(1) and its amendment footnote. Text read as amended up to 22 Jan 2026.
- Consolidated quarterly results mandatory from 1 April 2019: same regulations, footnote to regulation 33(3)(b).
- Eleven ratios in Ind AS annual accounts for years starting on or after 1 April 2021: Schedule III, Division II; ICAI Guidance Note, January 2022 edition.
- Companies R and T and all their figures, including the 25% tax rate, are invented for illustration. They do not refer to any real company.

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