

BOTTOM-LINE AND TOP-LINE GROWTH



vEcoSys

**Understanding the
difference between
“bottom-line & top-line growth”
– By Prof. *Simply Simple*™**



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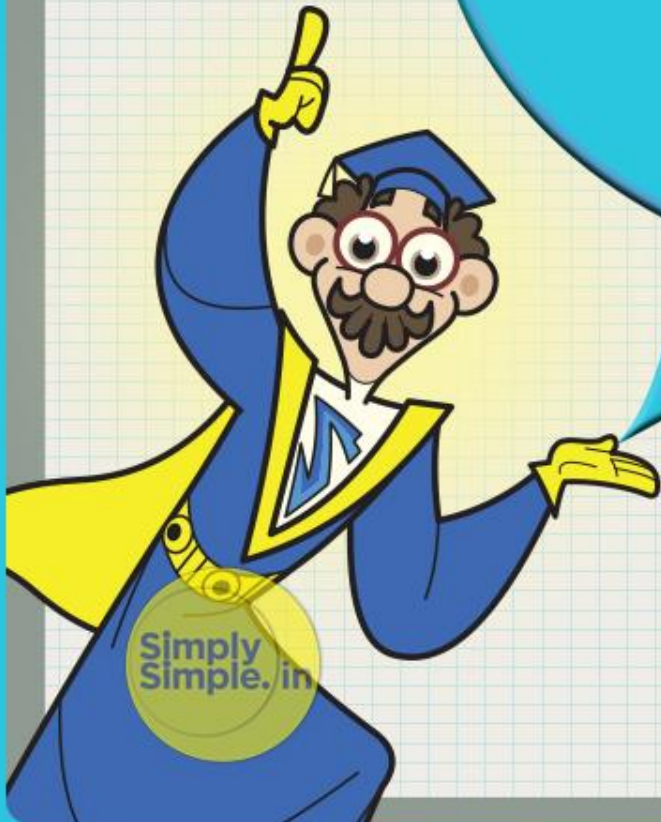


We come across these terms so very often and perhaps have got use to it without even understanding



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As always let us try and understand these concepts through a story.



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Bikas was a “Bhelpuriwala” in Mumbai. He would sell Bhel at Marine Drive. Every day he would buy the ingredients worth Rs 1000 to prepare his “Bhel”. By the end of the day he would sell all his stuff for Rs 1200 thereby pocketing Rs 200 for a day’s efforts



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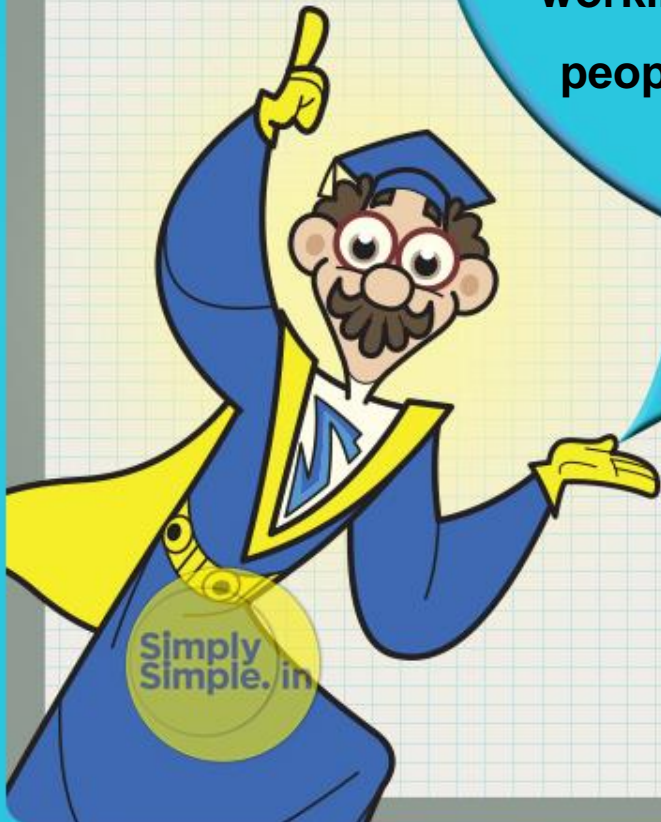
Thus from the perspective of day, his topline is Rs 1200 while his bottom line is Rs 200.

Thus the aggregation of “price” of the product comprises the “top-line” whereas the aggregation of “profits” comprise the “bottom-line”



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Thus “top-line” growth would be in the shape of selling more units of Bhel which he can achieve by either working for longer hours or by hiring people under him or increasing the price per unit of bhel



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When the top-line (i.e. no. of units of bhel sold) goes up profit margins remaining the same, the bottom-line too goes up proportionately.

But it also important to note that “bottom-line” growth would also take place if the “bhelpuriwala” decides to increase the price of his “bhel”.

Or is able to buy the ingredients at lower price.

So in a sense to increase his bottom-line it is not necessary to increase top-line.



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Hope this lesson has succeeded
in clarifying the difference
between Top line
& Bottom line Growth



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