

# What does the Indian Capital Market Hail: The Top Line or the Bottom Line?

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*Quite often, the investing community is interested in relating the share price with only one dominant explanatory variable. In that direction, many researches conducted in other countries have found out the accounting earnings as the dominant factor explaining the equity valuations. Our work concerns with finding out the same in Indian context. Towards that, we have conducted an exploratory research for drugs and pharmaceutical industry and banking industry. Our distinction lies in standardising the market value for the differences in the book value and using panel data analysis technique. We find that, in India, the top line turns out to be the dominant factor as against the bottom line. Further, as an offshoot outcome, our work also helps in reinforcing the belief of semi-strong form of market efficiency in India.*