

## Assignment 13

### 1) Explain about relational analysis.

- \* Selva approach Focuses on valuing companies by grouping them into specific industries or sectors.

- \* Its valuation emphasizes the importance of understanding the unique characteristics, risks and growth prospects of different sectors when analysing companies.

- \* Relative analysis is a method used to evaluate a company's financial performance by comparing it to similar business or industry benchmarks.

- \* This approach is widely used in finance, especially for investment decisions to determine whether a company is overvalued, undervalued, or fairly valued relative to its peers.

- \* Common ratio like price-to-earnings (P/E) price-to-sales (P/S) and price-to-book (P/B) are compared with industry average or specific competitors.

- \* It helps investors make informed decisions by providing context around a company's financial standing in the market, identifying growth potential, and uncovering investment opportunities.

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