

ACF-13

ASSIGNMENT

LAKSHMI

Date _____
Page _____

1. Explain about Relative analysis:

- * Sector approach ~~analyses~~ focuses on valuing companies by grouping them into specific Industries or sectors.

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

- * Relative analysis is a Method used to evaluate a company's financial performance by comparing it to similar businesses 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 ratios like price-to-earnings (P/E), price-to-sales (P/S), and price-to-book (P/B) are compared with industry averages 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.