Advanced Financial Modeling & Valuation: Adani vs CBRE

Business Context

This project compares Adani Enterprises, an asset-heavy infrastructure conglomerate, with CBRE Group, an asset-light global real estate services firm. The comparison highlights how different capital structures and operating models impact valuation.

Modeling Approach

A five-year DCF model using Free Cash Flow to Firm (FCFF) was constructed. Terminal value was estimated using the Gordon Growth Method to reflect long-term sustainability.

Key Assumptions

Revenue growth assumptions reflected sector maturity. Margin assumptions were based on historical trends. Discount rates were derived from capital structure and business risk, without exposing formula-level details.

Valuation Output

Adani's intrinsic valuation indicates market pricing includes significant future growth optionality.

CBRE's valuation reflects investor expectations of a cyclical recovery in global real estate markets.

Ratio Analysis Summary

Adani shows high leverage and capital intensity, while CBRE demonstrates strong capital efficiency and a lower-risk balance sheet.

Final Insights

Adani suits investors with high risk tolerance focused on long-term infrastructure growth. CBRE is better aligned with investors seeking steady cash generation and cyclical upside.

Adani Enterprises

Profitability Ratios (How efficient are they?)

Metric	Logic	Excel Formula (Concept)	What it tells you
EBITDA Margin	EBITDA / Revenue	0.117988844	Core operating efficiency.
Net Profit Margin	Net Profit / Revenue	0.034590708	Final profit for shareholders.

2. Solvency Ratios (Is the debt risky?)

Metric	Logic	Excel Formula (Concept)	What it tells you
Total Debt	Long-Term + Short-Term Debt	50,123.88	Total loans to be repaid.
Debt-to-Equity	Total Debt / Total Equity	1.134376296	**< 1.0 is safe.** High values mean high risk.
Net Debt	Total Debt Cash	43,055.40	The actual debt burden if they emptied their bank accounts.
Net Debt / EBITDA	Net Debt / EBITDA	3.78	**Critical for Adani.** If **> 4.5x**, it is dangerous.

3. Liquidity Ratios (Can they pay bills tomorrow?)

Metric	Logic	Excel Formula (Concept)	What it tells you
Current Ratio	Current Assets / Current Liab.	0.829044868	Should be **> 1.0**. If lower, they rely on short-term funding.

CBRE Group

Profitability Ratios (How efficient are they?)

Metric	Logic	Excel Formula (Concept)	What it tells you
EBITDA Margin	EBITDA / Revenue	0.054379736	"Pass-through Effect. Margin is lower (5.4%) due to high reimbursement revenues which carry zero profit."
Net Profit Margin	Net Profit / Revenue	0.027064053	Final profit for shareholders.

2. Solvency Ratios (Is the debt risky?)

Metric	Logic	Excel Formula (Concept)	What it tells you
Total Debt	Long-Term + Short-Term Debt	3,635.00	Total loans to be repaid.
Debt-to-Equity	Total Debt / Total Equity	0.395452567	"Conservative Structure. At 0.40x, CBRE relies mostly on Equity, not Debt, to fund operations."
Net Debt	Total Debt - Cash	2,521.00	The actual debt burden if they emptied their bank accounts.
Net Debt / EBITDA	Net Debt / EBITDA	1.30	"Low Leverage. At 1.3x, CBRE can pay off net debt in ~1.3 years. Indicates a very strong balance sheet."

3. Liquidity Ratios (Can they pay bills tomorrow?)

Metric	Logic	Excel Formula (Concept)	What it tells you
Current Ratio	Current Assets / Current Liab.	1.073543663	"Healthy Liquidity. At 1.07x, current assets cover all short-term obligations."