




# Mazagaon Dock Shipbuilders Ltd.

Sector: Ship Building &amp; Allied Services

12<sup>th</sup> September, 2025

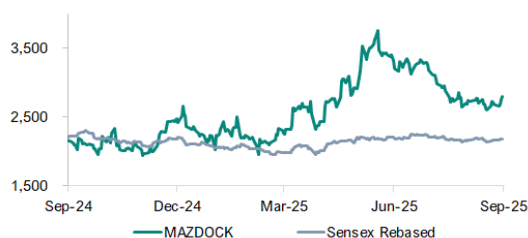
**HOLD**

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 3,186
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 2,926</b>
Large cap	MAZDOCK:IN	81,905	MAZDOCK	543237	12 Months	<b>Return</b>	<b>+9%</b>

Data as of: 12-September-2025, 16:30 hrs

Company Data			
Market Cap (Rs.cr)			118,013
52 Week High — Low (Rs.)			3,778 - 1,918
Enterprise Value (Rs. cr)			95,872
Outstanding Shares (cr)			40.3
Free Float (%)			18.8
Dividend Yield (%)			0.5
6m average volume (cr)			0.4
Beta			1.8
Face value (Rs. )			5.0
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	84.8	84.8	81.2
FII's	1.6	2.3	2.6
MFs/Institutions	1.5	1.7	5.2
Public	11.2	10.2	10.2
Others	1.0	1.0	0.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-15.7%	23.8%	-35.2%
Absolute Sensex	-1.2%	10.0%	0.0%
Relative Return	-14.5%	13.7%	-35.2%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	11,432	12,575	16,348
Growth (%)	20.8	10.0	30.0
EBITDA	2,053	2,142	3,595
EBITDA Margin (%)	18.0	17.0	22.0
PAT Adjusted	2,414	2,439	3,569
Growth (%)	24.6	1.1	46.3
Adjusted EPS	59.8	60.5	88.5
Growth (%)	24.6	1.1	46.3
P/E	44.2	46.2	31.6
P/B	13.4	11.7	9.1
EV/EBITDA	44.1	44.8	26.5
ROE (%)	30.4	25.3	28.8
D/E	0.0	0.0	0.0

## Margin takes hit; growth prospects remain bright

Mazagon Dock Shipbuilders Ltd (MDL) is a leading Indian shipbuilding company located in Mumbai. MDL is a wholly owned subsidiary of the Ministry of Defence, Government of India and is one of the largest shipyards in India.

- In Q1FY26, consolidated revenue rose 11.4% YoY to Rs. 2,626cr, driven by a strong order book and execution rate.
- The total order book stood at Rs. 29,918cr in Q1FY26, down from Rs. 36,839cr in Q1FY25 and Rs. 32,260cr in Q4FY25.
- The total cost of sales decreased 9.7% YoY to Rs. 1,102cr, driven by a 19.4% YoY decline in the cost of materials consumed, which stood at Rs. 891cr.
- EBITDA plummeted 53.0% YoY to Rs. 302cr, largely due to a one-time provision of Rs. 540cr. As a result, EBITDA margin contracted 1,570bps YoY to 11.5%.
- Adjusted profit after tax (PAT) declined a significant 35.0% YoY to Rs. 452cr, partly offset by a 33.8% YoY reduction in tax expenses to Rs. 148cr.

## Outlook & Valuation

Despite higher revenue, MDL's profitability declined during the quarter due to a one-time provision. However, the company boasts a strong order book and is executing its projects at a steady pace, which bodes well for its future performance. Management's focus on cost efficiency, strategic investments and acquisitions is expected to enhance its overall performance in the long term. Additionally, the government's emphasis on developing the shipbuilding sector, coupled with the company's large-scale warship and submarine manufacturing capabilities, as well as its specialised expertise in niche defense projects, is expected to drive Mazagon's overall performance in the future. Therefore, **we upgrade our rating to 'HOLD' on the stock, with a revised target price of Rs. 3,186, based on 36.0x FY27E adjusted EPS.**

## Quarterly Finance Consolidated

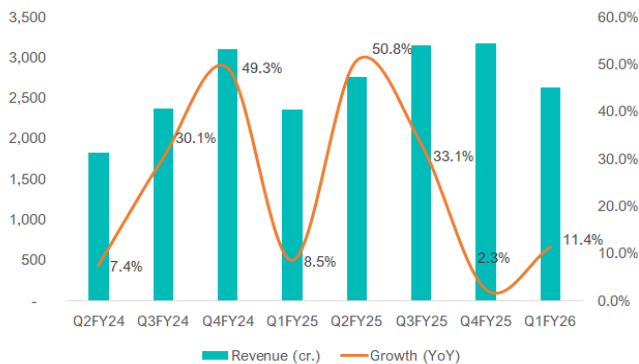
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	2,626	2,357	11.4	3,174	-17.3
EBITDA	302	642	-53.0	90	235.2
Margin (%)	11.5	27.2	-1,570bps	2.8	870bps
EBIT	279	619	-55.0	61	353.7
PBT	567	889	-36.2	370	53.3
Rep. PAT	419	666	-37.0	290	44.4
Adj PAT	452	696	-35.0	325	39.0
Adj. EPS (Rs)	11.2	17.3	-35.0	8.1	39.0



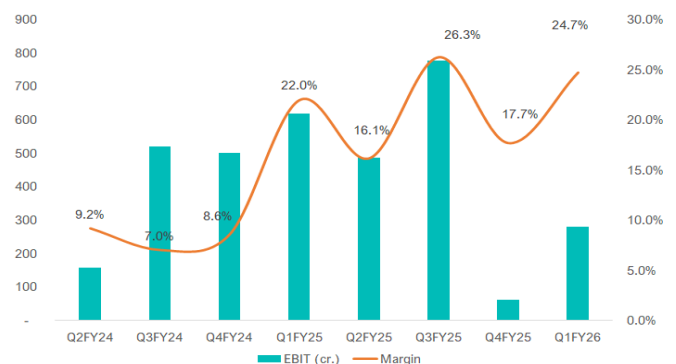
## Other highlights

- On June 27, 2025, MDL announced its plan to acquire a majority stake in Colombo Dockyard PLC for a consideration of Rs. 452cr (~\$52.96 million). This strategic move marks MDL's maiden international expansion, which will be executed through a combination of fresh equity infusion and secondary share purchases. Upon completion of the acquisition, Colombo Dockyard will become a subsidiary of MDL, expanding the company's global footprint.
- MDL boasts a robust shipbuilding order book pipeline, valued at a substantial Rs. 21,236cr. The pending orders comprise several high-profile projects, including the P15B Destroyers (valued at Rs. 2,833cr) and the P17A Stealth Frigates (valued at Rs. 12,343cr). Furthermore, the company has secured orders for various Indian Coast Guard (ICG) vessels, totaling Rs. 2,818cr, which includes contracts for CTS, NGOVP, and FPV vessels. Additionally, MDL has received an order for a multi-purpose hybrid-powered vessel worth Rs. 692cr. The P75 Kalvari submarine project also contributes significantly to the order book, with a value of Rs. 2,550cr.
- The company's submarine and heavy engineering order book pipeline is also significant, with a total value of Rs. 8,682cr. This pipeline includes several key projects, such as the Medium Refit with Life Certification (MRLC) of Submarines (valued at Rs. 1,636cr), and orders from ONGC, including PRPP, DSF II and PRP 8 Grade A (totalling Rs. 5,105cr).

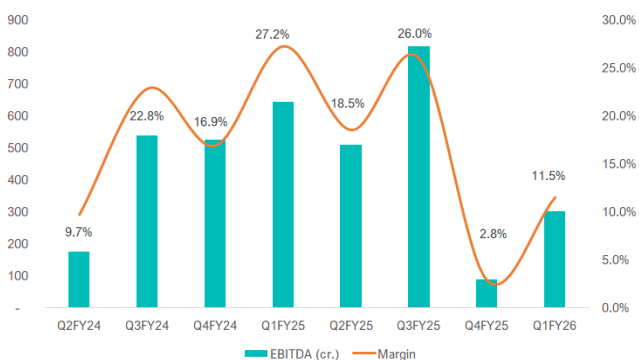
## Revenue



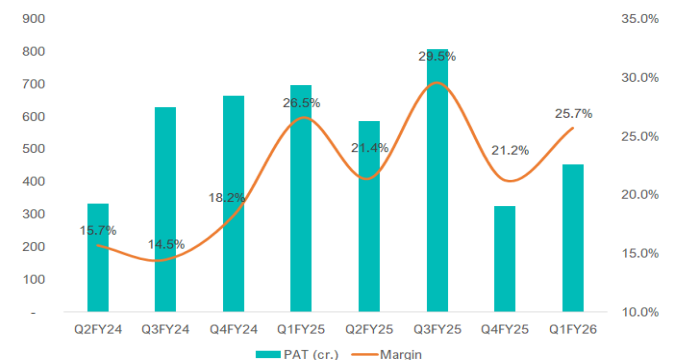
## EBIT



## EBITDA



## PAT



## Change in Estimates

	Old estimates		New estimates		Change -%	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	13,102	15,387	12,575	16,348	-4.0	6.2
EBITDA	3,521	4,308	2,142	3,595	-39.2	-16.5
Margins (%)	26.9	28.0	17.0	22.0	-990bps	-600bps
Adj. PAT	3,225	3,821	2,439	3,569	-24.4	-6.6
EPS	79.9	94.6	60.5	88.5	-24.3	-6.5



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>7,827</b>	<b>9,467</b>	<b>11,432</b>	<b>12,575</b>	<b>16,348</b>
% change	36.5	20.9	20.8	10.0	30.0
<b>EBITDA</b>	<b>791</b>	<b>1,405</b>	<b>2,053</b>	<b>2,142</b>	<b>3,595</b>
% change	85.2	77.6	46.1	4.3	67.9
Depreciation	69	76	108	192	222
<b>EBIT</b>	<b>722</b>	<b>1,328</b>	<b>1,945</b>	<b>1,950</b>	<b>3,373</b>
Interest	6	5	4	6	8
Other Income	687	1,101	1,121	1,177	1,283
<b>PBT</b>	<b>1,403</b>	<b>2,425</b>	<b>3,062</b>	<b>3,121</b>	<b>4,647</b>
% change	90.7	72.9	26.3	1.9	48.9
Tax	357	616	784	825	1,229
Tax Rate (%)	25.4	25.4	25.6	26.4	26.4
<b>Reported PAT</b>	<b>1,119</b>	<b>1,937</b>	<b>2,414</b>	<b>2,439</b>	<b>3,569</b>
<b>PAT att. to common shareholder-</b>	<b>1,119</b>	<b>1,937</b>	<b>2,414</b>	<b>2,439</b>	<b>3,569</b>
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>1,119</b>	<b>1,937</b>	<b>2,414</b>	<b>2,439</b>	<b>3,569</b>
% change	92.0	73.1	24.6	1.1	46.3
No. of shares (cr)	40.3	40.3	40.3	40.3	40.3
<b>Adj EPS (Rs.)</b>	<b>27.7</b>	<b>48.0</b>	<b>59.8</b>	<b>60.5</b>	<b>88.5</b>
% change	92.0	73.1	24.6	1.1	46.3
DPS (Rs.)	6.9	12.1	14.6	15.3	16.1

### Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,188	2,013	2,522	2,631	3,791
Non-cash adj.	1,779	-2,138	-2,173	-137	-142
Other adjustments					
Changes in W.C	-1,451	808	1,730	-492	-1,238
<b>C.F. Operation</b>	<b>1,516</b>	<b>684</b>	<b>2,079</b>	<b>2,001</b>	<b>2,412</b>
Capital exp.	-109	95	-804	-76	-96
Change in inv.	-1,451	808	1,730	-492	-1,238
Other invest.CF	1,410	2,212	-2,225	-116	322
<b>C.F - Investment</b>	<b>-150</b>	<b>3,115</b>	<b>-1,299</b>	<b>-684</b>	<b>-1,013</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	-2	-1		-	-
Dividends paid	-216	-448	-712	-618	-649
Other finance.CF		-	-	3	3
<b>C.F - Finance</b>	<b>-218</b>	<b>-449</b>	<b>-712</b>	<b>-616</b>	<b>-646</b>
Chg. in cash	1,148	3,350	68	702	752
<b>Closing Cash</b>	<b>13,286</b>	<b>14,210</b>	<b>16,150</b>	<b>16,851</b>	<b>17,604</b>

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	13,286	14,210	16,150	16,851	17,604
Accts. Receivable	1,002	1,847	1,067	1,383	2,452
Inventories	7,357	5,713	4,537	4,653	5,885
Other Cur. Assets	4,440	4,018	2,960	3,328	3,640
Investments	589	679	765	842	968
<b>Gross Fixed As-</b>	<b>1,494</b>	<b>1,355</b>	<b>2,158</b>	<b>2,235</b>	<b>2,331</b>
sets					
Net Fixed Assets	1,007	820	1,444	1,315	1,175
CWIP	62	68	133	147	161
Intangible Assets	17	22	21	21	21
Def. Tax -Net	450	600	678	685	692
Other Assets	1,253	1,472	952	1,109	1,580
<b>Total Assets</b>	<b>29,463</b>	<b>29,449</b>	<b>28,708</b>	<b>30,333</b>	<b>34,177</b>
Current Liabilities	24,140	22,619	19,823	19,765	20,831
Provisions	411	425	787	787	787
Debt Funds	6	17	20	20	20
Other Liabilities	146	145	138	138	138
Equity Capital	202	202	202	202	202
Res. & Surplus	4,558	6,042	7,738	9,422	12,200
<b>Shareholder Funds</b>	<b>4,760</b>	<b>6,243</b>	<b>7,940</b>	<b>9,624</b>	<b>12,402</b>
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>29,463</b>	<b>29,449</b>	<b>28,708</b>	<b>30,333</b>	<b>34,177</b>
<b>BVPS</b>	<b>118</b>	<b>155</b>	<b>197</b>	<b>239</b>	<b>307</b>

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	10.1	14.8	18.0	17.0	22.0
EBIT margin (%)	9.2	14.0	17.0	15.5	20.6
Net profit mgn.(%)	14.3	20.5	21.1	19.4	21.8
ROE (%)	23.5	31.0	30.4	25.3	28.8
ROCE (%)	15.2	21.2	24.4	20.2	27.2
<b>W.C &amp; Liquidity</b>					
Receivables (days)	46.7	71.2	34.1	40.2	54.8
Inventory (days)	520.8	333.9	290.4	274.6	267.2
Payables (days)	316.0	258.9	239.3	217.1	215.3
Current ratio (x)	1.1	1.1	1.2	1.3	1.4
Quick ratio (x)	0.6	0.7	0.9	0.9	1.0
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	5.5	6.6	6.5	5.7	7.2
Total asset T.O (x)	0.3	0.3	0.4	0.4	0.5
Int. covge. ratio (x)	113.4	259.5	442.0	345.4	400.8
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>					
EV/Sales (x)	1.9	2.4	7.9	7.6	5.8
EV/EBITDA (x)	19.1	16.2	44.1	44.8	26.5
P/E (x)	11.5	19.0	44.2	46.2	31.6
P/BV (x)	2.7	5.9	13.4	11.7	9.1



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
26-Mar-25	SELL	2,318
12-Sep-25	HOLD	3,186

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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