Q3FY26 Result Update

Retail Equity Research

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Mazagon Dock Shipbuilders Ltd.

HOLD

Sector: Ship Building & Allied Services

25th February, 2026

Key Changes	Target	Rating	Earnings
	▼	●	▼

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid cap	MAZDOCK:IN	82,226	MAZDOCK	543237	12 Months

Target	**Rs. 2,484**
CMP	**Rs. 2,256**
Return	**+10%**

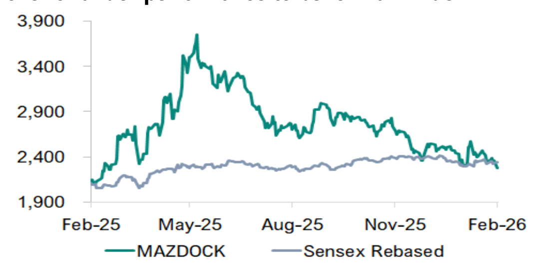
Data as of: 24-Feb-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	90,917
52 Week High — Low (Rs.)	3,778 - 2,048
Enterprise Value (Rs. cr)	74,772
Outstanding Shares (cr)	40.3
Free Float (%)	18.8
Dividend Yield (%)	0.77
6m average volume (cr)	0.1
Beta	1.9
Face value (Rs.)	5.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	81.2	81.2	81.2
FII's	2.6	2.0	1.8
MFs/Institutions	5.2	5.7	5.4
Public	10.2	10.5	10.9
Others	0.8	0.7	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-16.8%	-15.5%	7.7%
Absolute Sensex	-2.3%	2.4%	10.6%
Relative Return	-14.6%	-18.0%	-2.9%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	13,032	14,922	15,519
Growth (%)	*14.0*	*14.5*	*4.0*
EBITDA	2,482	2,878	3,081
EBITDA Margin (%)	*19.0*	*19.3*	*19.9*
PAT Adjusted	2,768	3,128	3,340
Growth (%)	*14.7*	*13.0*	*6.8*
Adjusted EPS	68.6	77.6	82.8
Growth (%)	*14.7*	*13.0*	*6.8*
P/E	33.2	29.4	27.5
P/B	9.2	7.5	6.2
EV/EBITDA	30.9	27.1	25.1
ROE (%)	*27.7*	*25.4*	*22.5*
D/E	0.0	0.0	0.0

Performance steady, but high cost dents margin

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

- Consolidated revenue increased 14.6% YoY to Rs. 3,601cr in Q3FY26, driven by the delivery of P17A frigates Taragiri and an accelerated execution rate.
- The total order book declined to Rs. 23,758cr in Q3FY26 from Rs. 34,787cr in Q3FY25 and Rs. 27,415cr in Q2FY26.
- EBITDA rose 8.6% YoY to Rs. 887cr, but EBITDA margin contracted 140bps YoY to 24.6% on account of higher cost of sales.
- Cost of sales increased 57.2% YoY to Rs. 2,082cr, mainly owing to a 76.8% YoY rise in the cost of materials consumed.
- Adjusted profit after tax (PAT) rose 9.0% YoY to Rs. 880cr because of topline growth and lower other expenses (including provision, sub-contract and project-related expenses).

Outlook & Valuation

MDL delivered steady performance driven by timely execution of naval platforms, completion of submarine programmes, higher indigenisation, and improved yard productivity supported by infrastructure upgrades. The order pipeline is likely to strengthen with upcoming submarine orders, next generation warships, auxiliary vessels, and increasing refit and lifecycle service opportunities, aiding long term earnings visibility. However, the current order book at 1.6x FY27E projected sales limits near-term visibility, while dependence on government contracts and elevated raw material linked costs continue to constrain margins. Therefore, **we maintain a 'HOLD' rating on the stock, with a revised target price of Rs. 2,484, based on 30x FY28E adjusted EPS.**

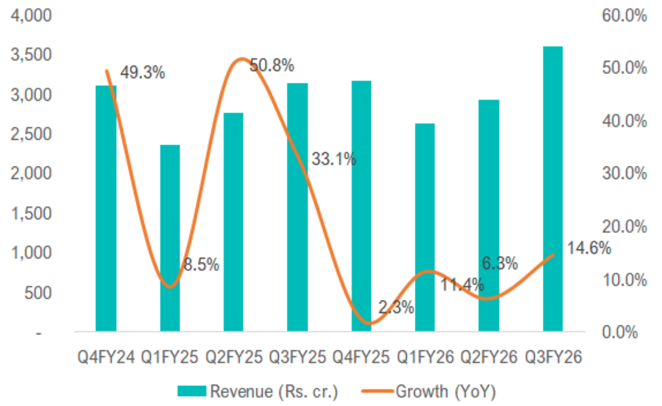
Quarterly Finance Consolidated

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	3,601	3,144	*14.6*	2,929	*22.9*	9,156	8,257	*10.9*
EBITDA	887	817	*8.6*	695	*27.7*	1,883	1,970	*-4.4*
Margin (%)	*24.6*	*26.0*	*-140bps*	*23.7*	*90bps*	*20.6*	*23.9*	*-330bps*
EBIT	864	777	*11.1*	671	*28.7*	1,814	1,883	*-3.7*
PBT	1,120	1,063	*5.4*	934	*19.9*	2,620	2,692	*-2.7*
Rep. PAT	837	768	*9.0*	710	*17.9*	1,966	1,987	*-1.0*
Adj PAT	880	807	*9.0*	749	*17.4*	2,081	2,088	*-0.3*
Adj. EPS (Rs)	21.8	20.0	*9.0*	18.6	*17.4*	51.6	51.8	*-0.3*

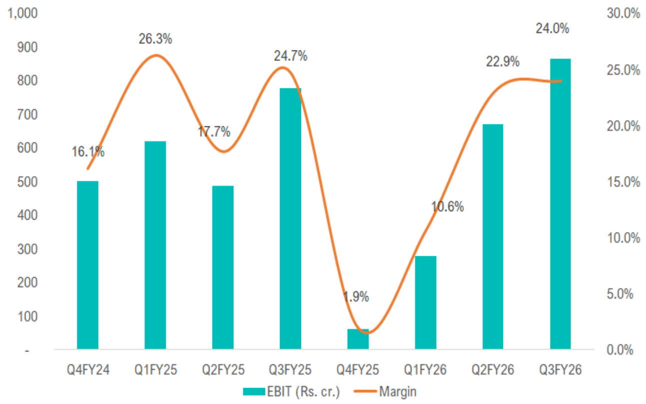
Other highlights

- At India Maritime Week 2025 (IMW 2025), MDL signed a teaming agreement with Swan Defence and Heavy Industries to collaborate on the design and construction of landing platform docks for the Indian Navy, strengthening public–private synergy.
- The company confirmed the delivery of the third P17A stealth frigate Taragiri in November 2025, with one remaining under construction, indicating steady progress in indigenously designed next-generation surface combatants.
- All four P15B destroyers were delivered ahead of schedule, demonstrating project management efficiency and improving confidence in the yard's ability to handle large multi-year naval shipbuilding programmes.
- The company expects to receive a balancing amount of Rs. 1,441cr in the future for the P15B destroyers.
- The company declared a second interim dividend of Rs. 7.5 per equity share for FY26, amounting to a total of Rs. 302.5cr.
- Consolidated reported 9MFY26 revenue from operations rose 10.9% YoY to Rs. 9,156, while EBITDA declined 2.0% YoY to Rs. 2,739cr during the same period.

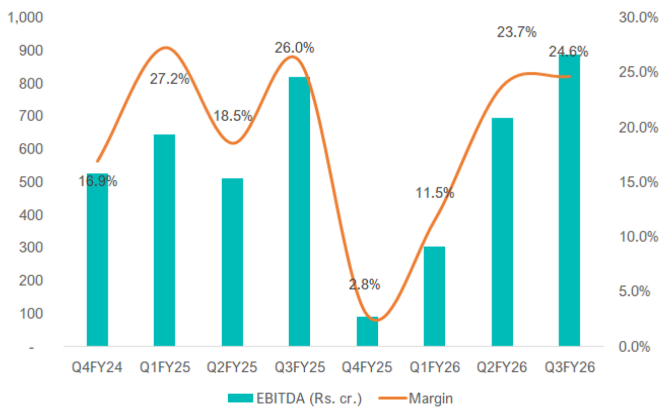
Revenue



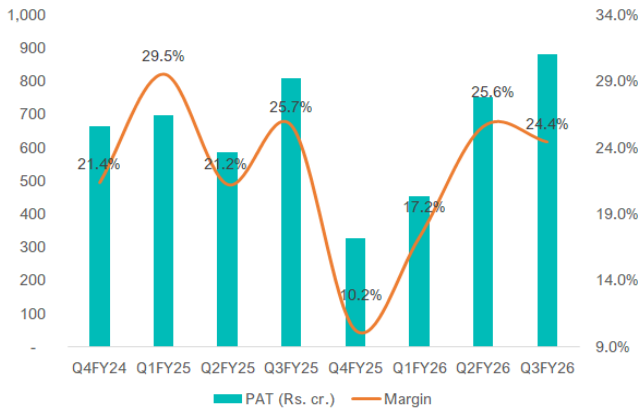
EBIT



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**
Revenue	12,575	16,348	13,032	14,922	15,519	*3.6*	*-8.7*
EBITDA	2,142	3,595	2,482	2,878	3,081	*15.9*	*-20.0*
Margins (%)	*17.0*	*22.0*	*19.0*	*19.3*	*19.9*	*200bps*	*-270bps*
Adj. PAT	2,439	3,569	2,768	3,128	3,340	*13.5*	*-12.3*
EPS	60.5	88.5	68.6	77.6	82.8	*13.5*	*-12.3*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	**9,467**	**11,432**	**13,032**	**14,922**	**15,519**
% change	*20.9*	*20.8*	*14.0*	*14.5*	*4.0*
EBITDA	**1,405**	**2,082**	**2,482**	**2,878**	**3,081**
% change	*77.6*	*48.2*	*19.2*	*15.9*	*7.1*
Depreciation	76	108	160	199	254
EBIT	**1,328**	**1,974**	**2,322**	**2,679**	**2,827**
Interest	5	24	19	17	14
Other Income	1,101	1,112	1,167	1,272	1,387
PBT	**2,425**	**3,062**	**3,470**	**3,934**	**4,200**
% change	*72.9*	*26.3*	*13.3*	*13.4*	*6.8*
Tax	616	784	848	961	1,026
Tax Rate (%)	*25.4*	*25.6*	*24.4*	*24.4*	*24.4*
Reported PAT	**1,937**	**2,414**	**2,768**	**3,128**	**3,340**
PAT att. to common shareholders	1,937	2,414	2,768	3,128	3,340
Adj.*	-	-	-	-	-
Adj. PAT	**1,937**	**2,414**	**2,768**	**3,128**	**3,340**
% change	*73.1*	*24.6*	*14.7*	*13.0*	*6.8*
No. of shares (cr)	40.3	40.3	40.3	40.3	40.3
Adj EPS (Rs.)	**48.0**	**59.8**	**68.6**	**77.6**	**82.8**
% change	*73.1*	*24.6*	*14.7*	*13.0*	*6.8*
DPS (Rs.)	12.1	14.6	15.0	15.8	16.5

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	14,210	16,150	15,417	14,101	14,530
Accts. Receivable	1,847	1,067	1,825	2,388	2,638
Inventories	5,713	4,537	5,083	5,969	6,052
Other Cur. Assets	4,018	2,960	3,862	5,353	6,019
Investments	679	765	880	1,012	1,113
Gross Fixed Assets	**1,355**	**2,091**	**2,644**	**3,527**	**4,533**
Net Fixed Assets	820	1,444	1,771	2,355	3,032
CWIP	68	133	200	300	375
Intangible Assets	22	21	21	21	21
Def. Tax -Net	600	678	848	1,060	1,325
Other Assets	1,472	952	1,109	1,580	1,934
Total Assets	**29,449**	**28,708**	**31,015**	**34,138**	**37,039**
Current Liabilities	22,619	19,823	20,030	20,712	20,997
Provisions	425	787	865	952	1,047
Debt Funds	17	20	5	5	5
Other Liabilities	145	138	138	138	138
Equity Capital	202	202	202	202	202
Res. & Surplus	6,042	7,738	9,774	12,128	14,650
Shareholder Funds	**6,243**	**7,940**	**9,976**	**12,330**	**14,852**
Minority Interest	-	-	-	-	-
Total Liabilities	**29,449**	**28,708**	**31,015**	**34,138**	**37,039**
BVPS	155	197	247	306	368

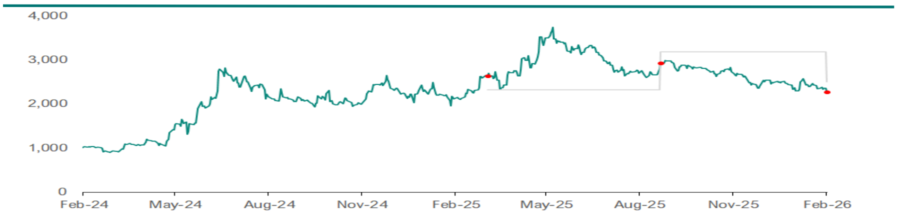
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	**2,013**	**2,522**	**2,928**	**3,328**	**3,595**
Non-cash adj.	-2,138	-2,173	-126	-139	-153
Other adjustments	-	-	-	-	-
Changes in W.C	808	1,730	-1,238	-868	-176
C.F. Operation	**684**	**2,079**	**1,563**	**2,321**	**3,266**
Capital exp.	95	-804	-553	-883	-1,006
Change in inv.	808	1,730	-1,238	-868	-176
Other invest.CF	2,212	-2,225	-106	-1,438	-1,210
C.F - Investment	**3,115**	**-1,299**	**-1,896**	**-3,189**	**-2,392**
Issue of equity	-	-	-	-	-
Issue/repay debt	-1	-	-	-	-
Dividends paid	-448	-712	-605	-635	-666
Other finance.CF	-	-	206	187	221
C.F - Finance	**-449**	**-712**	**-399**	**-448**	**-445**
Chg. in cash	3,350	68	-732	-1,317	430
Closing Cash	**14,210**	**16,150**	**15,417**	**14,101**	**14,530**

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	14.8	18.2	19.0	19.3	19.9
EBIT margin (%)	14.0	17.3	17.8	18.0	18.2
Net profit mgn.(%)	20.5	21.1	21.2	21.0	21.5
ROE (%)	31.0	30.4	27.7	25.4	22.5
ROCE (%)	21.2	24.8	23.3	21.7	19.0
W.C & Liquidity					
Receivables (days)	71.2	34.1	51.1	58.4	62.1
Inventory (days)	333.9	291.4	288.7	289.4	284.4
Payables (days)	258.9	240.1	216.1	212.6	213.5
Current ratio (x)	1.1	1.2	1.3	1.3	1.4
Quick ratio (x)	0.7	0.9	0.9	0.8	0.8
Turnover &Leverage					
Gross asset T.O (x)	6.6	6.6	5.5	4.8	3.9
Total asset T.O (x)	0.3	0.4	0.4	0.5	0.4
Int. covge. ratio (x)	259.5	82.0	120.0	158.0	200.6
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.4	7.9	5.9	5.2	5.0
EV/EBITDA (x)	16.2	43.5	30.9	27.1	25.1
P/E (x)	19.0	44.2	33.2	29.4	27.5
P/BV (x)	5.9	13.4	9.2	7.5	6.2

Recommendation Summary (Last 3 years)



Dates	Rating	Target
26-Mar-25	REDUCE/SELL	2,318
12-Sep-25	HOLD	3,186
25-Feb-26	HOLD	2,484

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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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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