Mazagon Dock Shipbuilders (MAZDOC)

ICICI Direct

CMP: ₹ 2400 | Target ₹ 2950 (23%) | Target Period: 12 months | **BUY**

August 3, 2026

Near-term growth moderates; long-term opportunity intact...

About the stock: Mazagon Dock Shipbuilders (MDL) is the only public sector defence shipyard constructing destroyers & submarines. Currently, MDL has capacity of building 11 Submarines & 10 warships (including destroyers, frigates & other vessels) concurrently

- Order book stands at ₹ 18,218 crore as of Jun-26

Investment Rationale:

- **Current order backlog provides healthy execution visibility, while replenishment through mega naval programmes to drive the next growth cycle:** MDL's order book currently stands at ₹18,218 crore (1.4x FY26 revenue) and comprises key programmes including P-17A stealth frigates, P-75 Kalvari submarines, ICGS vessels, ONGC offshore platforms, submarine refits and other shipbuilding contracts, providing healthy revenue visibility over the next 1-2 years. Despite moderation in the order backlog over the past few years due to healthy execution and limited fresh order inflows, the company continues to demonstrate robust execution across complex naval programmes, reflected in healthy revenue growth and improving profitability during Q1FY27. However, the key trigger for the next phase of growth (post FY28E onwards) will be timely award of large naval contracts, which are expected to replenish the order book meaningfully and extend revenue visibility well beyond the current execution cycle
- **Robust naval order pipeline provides strong long-term growth visibility:** MDL remains one of the strongest beneficiaries of India's expanding naval capital expenditure programme, supported by multiple large defence shipbuilding opportunities expected over the next few years. The company is expected to partner with Germany's ThyssenKrupp Marine Systems (TKMS) for the ₹90,000+ crore Project-75(I) a six-submarine programme, with the agreement likely to be signed shortly. Company also stands to benefit from Next-Generation Corvette (NGC) order where Goa Shipyard is L2 (MDL holds 47%), In addition, opportunities across next-generation destroyers, frigates, support vessels, submarine refits and export programmes continue to strengthen the long-term order pipeline. MDL is also expanding beyond defence through the acquisition of 51% stake in Colombo Dockyard PLC, providing access to commercial shipbuilding, ship repair and export markets while diversifying its revenue base. Recent cabinet approval for deep-water/offshore oil exploration scheme is also expected to generate additional demand for OPV (offshore patrol vessels), survey vessels, rigs etc, which would help MDL to tap this opportunity

Rating and Target Price:

- We have trimmed our revenue estimates for FY27E/28E by factoring in lower-than-expected order inflows. Current order-book would drive growth over the next 1-2 years. However, timely placement of large contracts would drive growth from FY28E onwards
- We estimate revenue and PAT CAGR at ~15% over FY26-28E with EBITDA margin sustaining at 15%. We maintain BUY on MDL with target of ₹ 2950 (based on 35x FY28E EPS)

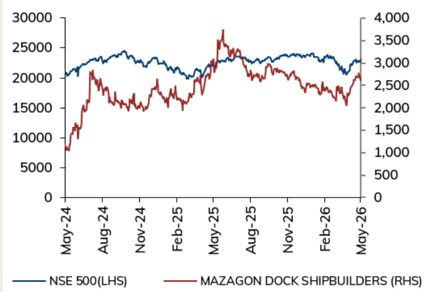
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	96,811
FY26 Gross Debt (₹ Crore)	440
FY26 Cash (₹ Crore)	13,096
EV (₹ Crore)	84,155
52 Week H/L (₹)	3778 / 2057
Equity Capital	202
Face Value	5

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	81.2	81.2	81.2	81.2
FII	2.0	1.8	1.7	1.7
DII	5.7	5.4	5.1	5.0
Others	11.2	11.6	12.0	12.0

Price Chart



Key risks

i. Dependent on govt contracts

ii. High working capital requirement

iii. Availability of key raw materials/ components

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Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	7,827	9,467	11,432	13,006	18.4	14,827	17,106	14.7
EBITDA	798	1,412	2,060	2,266	41.6	2,548	2,935	13.8
EBITDA margin (%)	10.2	14.9	18.0	17.4		17.2	17.2	
Net Profit	1,119	1,937	2,414	2,578	32.1	2,928	3,397	14.8
EPS (Rs)	55.5	96.0	59.8	63.9		72.6	84.2	
P/E (x)	43.3	25.0	40.1	37.5		33.1	28.5	
EV/EBITDA (x)	104.7	58.5	39.2	37.1		30.5	24.1	
RoCE (%)	29.6	38.9	38.6	31.7		30.3	29.2	
RoE (%)	23.5	31.0	30.4	25.8		24.6	23.7	

Source: Company, ICICI Direct Research

Q1FY27 Result Summary

- Revenue stood at ₹ 2,943 crore (12.1% YoY, -23.6% QoQ) supported by continued execution across key naval shipbuilding programmes
- EBITDA increased 48.0% YoY (-17.7% QoQ) to ₹447 crore, while EBITDA margin improved to 15.2% (+369 bps YoY, +108 bps QoQ), aided by a favourable execution mix and operating leverage. PAT increased 21.7% YoY (-18.4% QoQ) to ₹551 crore

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Net Sales	2,942.7	2,625.6	12.1	3,850.4	-23.6	Steady execution across key naval programs
Other income	313.2	289.3		283.4		
Total Revenue	3,255.9	2,914.9		4,133.8		
Raw materials costs	1,546.2	1,095.5		2,397.9		
Employees Expenses	289.1	249.8		212.8		
Other Expenses	660.8	978.6		696.9		
Total Expenditure	2,496.1	2,323.9		3,307.5		
EBITDA	446.6	301.7	48.0	542.9	-17.7	
EBITDA margins (%)	15.2	11.5	369 bps	14.1	108 bps	Margin profile stabilizing with project mix
Interest	44.3	1.1		10.0		
Depreciation	29.0	23.1		22.9		
Tax	174.4	147.6		160.6		
PAT	550.5	452.2	21.7	674.2	-18.3	

Source: Company, ICICI Direct Research

Exhibit 2: Current order book breakup as of Jun-26

ORDER BOOK

Types	Particulars	Project Value (INR Cr)	Nos. (Contracted)	Client	Balance (INR Cr)	Nos. (Pending to be delivered
Shipbuilding	P15B Destroyers	28,753	04	MOD	283	0
	P17A Stealth Frigates	27,257	04	MOD	7,587	0
	ICGS (CTS,NGOPV,FPV)	2,849	21	MOD	2,649	21
	Multipurpose Hybrid Powered Vessel (MPV)	810	06	NAVI MERCHANTS A/S	695	06
	SCI PSV (shipping Corporation of India – Platform Supply Vessel)	367	01	SCI	367	01
Submarine and Heavy Engineering	P75 Kalvari Submarines	29,981	06	MOD	1,678	0
	Medium Refit and Life Certification (MRLC) of Submarines	2,421	01	MOD	492	01
	ONGC (DSF II & PRP 8 Grade A)	5,465	02	ONGC	2,774	02
	AIP	1,758	01	MOD	1,542	01
	Others	244	-	OTHER	151	-
Total Order Book as on, 30th June 2026					18,218	

Note: Balance Order book is including pending work/supply of spares of delivered vessels

Shipbuilding

P17A Stealth Frigates

P15B Destroyers

Submarine & Heavy Engineering

P75 Kalvari Submarines

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	11,432	13,006	14,827	17,106
% Growth	20.8	13.8	14.0	15.4
Other income	1,121.2	1,139.4	1,310.3	1,533
Total Revenue	11,432	13,006	14,827	17,106
% Growth	20.8	13.8	14.0	15.4
Total Raw Mat. cost	5,682	7,339	8,155	9,272
Employee Expenses	979	983	1,101	1,211
other expenses	2,711	2,419	3,023	3,689
Total Operating Exp.	9,372	10,741	12,279	14,171
EBITDA	2,060	2,266	2,548	2,935
% Growth	45.9	10.0	12.5	15.2
Interest	4	72	73	73
PBDT	3,177	3,333	3,785	4,395
Depreciation	115	97	119	157
PBT before Exceptional Items	3,062	3,237	3,667	4,238
Total Tax	784	815	931	1,076
PAT before MI	2,277	2,422	2,735	3,162
Minority Interest	-	-	(20)	(20)
Profit from Asso.	136	156	172	215
PAT	2,414	2,578	2,928	3,397
% Growth	24.6	6.8	13.5	16.0

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	2,414	2,578	2,928	3,397
Depreciation	115	97	119	157
Interest	4	72	73	73
Cash Flow before WC chg	2,533	2,747	3,119	3,627
Changes in inventory	1,176	1,920	(349)	(1,721)
Changes in debtors	780	(1,538)	(360)	(456)
Changes in loans & Advances	-	-	-	-
Changes in other CA	1,585	(1,139)	(449)	(562)
Net Incr in Current Assets	3,014	(594)	(1,247)	(2,802)
Changes in creditors	(728)	774	565	781
Changes in provisions	109	(54)	31	43
Net Inc in Current Liabilities	(2,811)	(4,336)	6,542	8,008
Net CF from Op activities	2,736	(2,183)	8,414	8,833
Chg in deferred tax assets	(78)	(132)	-	-
(Pur)/Sale of Fixed Assets	(174)	(826)	(800)	(850)
Net CF from Inv activities	(75)	(704)	(828)	(885)
Dividend and Dividend Tax	(712)	(731)	(827)	(968)
Net CF from Fin Activities	(721)	(166)	(1,097)	(1,041)
Net Cash flow	1,940	(3,053)	6,489	6,907
Opening Cash/Cash Eq	14,210	16,150	13,096	19,586
Closing Cash/ Cash Eq	16,150	13,096	19,586	26,493

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	201.7	201.7	201.7	201.7
Reserve and Surplus	7,738	9,782	11,686	14,115
Total Sh. funds	7,940	9,984	11,888	14,317
Other Non-Cur Liab	137.5	131.7	131.7	131.7
Total Debt	-	440	440	440
Total Liabilities	8,885	11,970	13,874	16,303
Gross Block	1,384	2,102	2,647	3,497
Acc: Depreciation	610	707	826	983
Net Block	774	1,395	1,822	2,514
Capital WIP	133	245	500	500
Total Fixed Assets	929	1,657	2,339	3,031
Non-Current Assets	2,395	2,888	2,917	2,952
Inventory	4,537	2,617	2,965	4,687
Debtors	1,067	2,606	2,965	3,421
Other Cur. Assets	2,068	3,207	3,656	4,218
Cash	16,150	13,096	19,586	26,493
Total Cur. Assets	201.7	201.7	201.7	201.7
Current Liabilities	7,738	9,782	11,686	14,115
Provisions	7,940	9,984	11,888	14,317
Total Cur. Liabilities	137.5	131.7	131.7	131.7
Net Current Assets	-	440	440	440
Total Assets	8,885	11,970	13,874	16,303

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Diluted EPS	59.8	63.9	72.6	84.2
Cash per Share	400.4	324.7	485.5	656.8
BV	196.8	247.5	294.7	354.9
Dividend per share	17.7	18.1	20.5	24.0
Dividend payout ratio	29%	28%	28%	29%
EBITDA Margin (%)	18.0	17.4	17.2	17.2
PAT Margin (%)	21.1	19.8	19.7	19.9
RoE (%)	30.4	25.8	24.6	23.7
RoCE (%)	38.6	31.7	30.3	29.2
EV / EBITDA	39.2	37.1	30.5	24.1
P/E	40.1	37.5	33.1	28.5
EV / Net Sales	7.1	6.5	5.2	4.1
Sales / Equity	1.4	1.3	1.2	1.2
Market Cap / Sales	8.5	7.4	6.5	5.7
Price to Book Value	12.2	9.7	8.1	6.8
Asset turnover	1.4	1.2	1.2	1.2
Debtors Turnover Ratio	7.8	7.1	5.3	5.4
Creditors Turnover Ratio	2.8	3.2	3.1	3.1
Debt / Equity	-	0.0	0.0	0.0
Current Ratio	1.8	1.6	1.7	1.9
Quick Ratio	0.7	1.1	1.1	1.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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