

Large order-pipeline; growth outlook 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 ₹ 20,535 crore as of Mar-26

Investment Rationale:

- Current order backlog to be executed over next 2-2.5 years; new orders to drive growth from FY28E:** Company's revenue growth has moderated to ~14% YoY during FY26 after witnessing strong growth over the last 4 years (~30% CAGR over FY21-25). This is mainly on account of depleting order-book (OB), which has come down gradually over the last 5-6 years (OB stands at ₹ 20,535 crore as of Mar-26 vs FY21's end OB of ~₹ 49,700 crore) at 1.6x TTM revenue, current OB mainly consist of contracts like P-17A frigates (~40% of total) and other including post commissioning contracts and refit orders etc. Major part of these contracts is expected to be concluded in the next 1-2 years, which would help company's revenue growth during FY27E. However, we believe that revenue growth beyond FY27E is expected to surge again post the placement of large contracts like 3 additional submarines and 6 next generation submarines (expected to be placed by Q1FY27E). We estimate revenue growth at ~17% CAGR over FY26-28E
- Order pipeline remains robust; longer-term growth outlook intact:** Order pipeline remains strong for the company, considering the opportunities from both defence & commercial segments. Contracts like six next-generation submarines under P-75I (expected value ~₹ 99,000 crore) and additional three Kalvari class submarines (expected order size ₹30,000-40,000 crore) have already been cleared from govt and expected to be concluded in coming months. Other major contract like next-generation corvettes is also likely to be signed in coming months (MDL's associate company) - Goa Shipyard is L2 with share of ~₹ 13500 crore). Moreover, next-generation frigates (P-17B) & next generation destroyers (P-18) with an expected value ~₹ 1,55,000 crore are also to be finalised in the coming years. Management is expanding shipbuilding capacity by potentially setting up new facilities or partnering in projects at Tamil Nadu with an investment of ₹15,000 crore. Company has also completed 51% stake acquisition in Colombo Dockyard PLC (CDPLC, TTM revenue ~Rs 860 crore), enhancing company's presence into global commercial shipbuilding and repairs. We believe that these large naval defence projects (along with huge opportunity in commercial shipbuilding across both domestic and exports markets provide longer term order inflow visibility for MDL.

Rating and Target Price

- We have revised upwards our revenue estimates for FY27E/28E by ~7%/~13%, factoring in consolidation of recently acquired 51% stake in CDPLC. However, our PAT estimates are largely intact considering negative profitability of CDPLC
- We estimate revenue CAGR of ~17% over FY26-28E with EBITDA margin sustaining at 17%. We recommend BUY on MDL with TP at ₹ 3060 per share (based on 35x FY28E EPS)

Key Financial Summary

(Rs 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	15,187	17,909	17.3
EBITDA	798	1,412	2,060	2,266	41.6	2,586	3,083	16.6
EBITDA margin (%)	10.2	14.9	18.0	17.4		17.0	17.2	
Net Profit	1,119	1,937	2,414	2,583	32.2	2,977	3,524	16.8
Diluted EPS (Rs)	55.5	96.0	59.8	64.0		73.8	87.4	
P/E (x)	47.2	27.3	43.8	40.9		35.5	30.0	
EV/EBITDA (x)	115.9	64.8	43.5	41.1		33.4	25.5	
RoCE (%)	29.6	38.9	38.6	31.7		30.5	29.7	
RoE (%)	23.5	31.0	30.4	25.9		24.9	24.3	

Source: Company, ICICI Direct Research



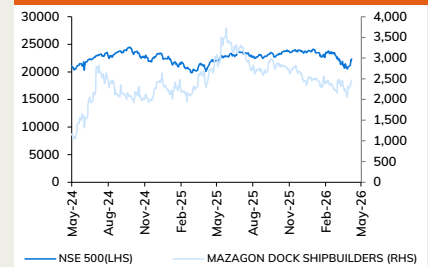
Particulars

Particular	Amount (Rs Crore)
Market Capitalisation	1,05,726
FY26 Debt	440
FY26 Cash	13,101
EV	93,064
52 Week H/L	3778 / 2057
Equity Capital	202
Face Value	5

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	81.2	81.2	81.2	81.2
FII	2.6	2.0	1.8	1.7
DII	5.2	5.7	5.4	5.1
Others	11.0	11.2	11.6	12.0

Price Chart



Key risks

- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials/components

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Q4 and FY26 Result Summary

- Execution remained steady for Q4FY26 as revenue increased to ₹3,850 crore (+21.3% YoY and +6.9% QoQ), supported by continued progress across key naval platforms.
- EBITDA margin at 14.1% (+1126 bps YoY, -1053 bps QoQ). Subsequently, EBITDA stood at ₹543 crore (+503% YoY, -38.8% QoQ). PAT came in at ₹674 crore (+107.2% YoY, -23.4% QoQ).
- For FY26, revenue stood at ₹13,006 crore (+13.8% YoY), in line with management guidance of ~₹12,500 crore, while EBITDA margin came in at ~17.4% (vs 18% in FY25). PAT increased 6.8% YoY to ₹2,578 crore

Exhibit 1: Q4FY26 and FY26 Result snapshot

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments	FY26	FY25	YoY(%)
Operating Income	3,850.4	3,174.4	21.3	3,601.1	6.9	Steady execution; largely in line with management guidance for FY26	13,006	11,432	13.8
Other income	283.4	309.5		261.8			1,139	1,121	
Total Revenue	4,133.8	3,483.9		3,862.9		14,145.7	12,553.1		
Raw materials costs	2,397.9	1,435.9		2,081.6		7,339	5,682		
Employees Expense	212.8	277.8		250.6		983	979		
Other Expenses	696.9	1,370.6		381.9		2,419	2,711		
Total Expenditure	3,307.5	3,084.4		2,714.1		10,741	9,372		
EBITDA	542.9	90.0	503.1	887.0	-38.8	Margin profile stabilizing with project mix and cost dynamics	2,266	2,060	10.0
EBITDA margins (%)	14.1	2.8	1126 bps	24.6	-1053 bps		17.4	18.0	-60 bps
Interest	10.0	1.1		6.0		72	4		
Depreciation	22.9	28.6		23.2		97	115		
Tax	160.6	79.4		282.5		815	784		
PAT	674.2	325.3	107.2	879.8	-23.4	2,578	2,414	6.8	

Source: Company, ICICI Direct Research

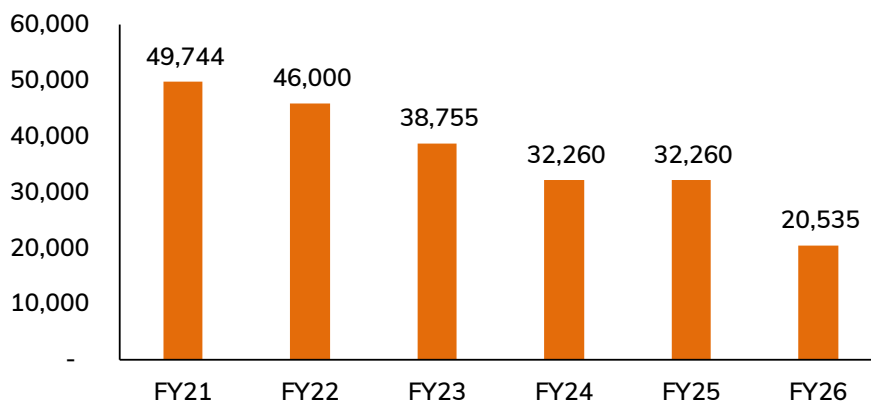
Exhibit 2: Current order book breakup as of Mar-26

Types	Particulars	Project Value (INR Cr)	Nos. (Contracted)	Client	Balance (INR Cr)	Nos. (Pending to be delivered)
Shipbuilding	P15B Destroyers	28,745	04	MOD	863	0
	P17A Stealth Frigates	27,256	04	MOD	8,257	01
	ICGS (CTS,NGOPV,FPV)	2,849	21	MOD	2,690	21
	Multipurpose Hybrid Powered Vessel (MPV)	806	06	NAVI MERCHANTS A/S	717	06
	SCI PSV (shipping Corporation of India - Platform Supply Vessel)	365	01	SCI	365	01
Submarine and Heavy Engineering	P75 Kalvari Submarines	29,764	06	MOD	1,722	0
	Medium Refit and Life Certification (MRLC) of Submarines	2,421	01	MOD	754	01
	ONGC (PRPP, DSF II & PRP 8 Grade A)	6,487	03	ONGC	3,320	03
	AIP	1,758	01	MOD	1,687	01
	Others	259	-	OTHER	160	-
Total Order Book as on, 31 st March 2026					20,535	

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

Source: Company, ICICI Direct Research

Exhibit 3: Order-book trend (₹ crore)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	11,432	13,006	15,187	17,909
% Growth	20.8	13.8	16.8	17.9
Other income	1,121.2	1,139.4	1,316.0	1,540
Total Revenue	11,432	13,006	15,187	17,909
% Growth	20.8	13.8	16.8	17.9
Total Raw Material Costs	5,682	7,339	8,429	9,868
Employee Expenses	979	983	1,101	1,211
other expenses	2,711	2,419	3,072	3,748
Total Operating Expenditure	9,372	10,741	12,601	14,826
Operating Profit (EBITDA)	2,060	2,266	2,586	3,083
% Growth	45.9	10.0	14.1	19.2
Interest	4	72	40	35
PBDT	3,177	3,333	3,862	4,588
Depreciation	115	97	129	179
PBT before Exceptional Items	3,062	3,237	3,733	4,409
Total Tax	784	815	948	1,120
PAT before MI	2,277	2,422	2,784	3,289
Minority Interest	-	(5)	(20)	(20)
Profit from Associates	136	156	172	215
PAT	2,414	2,583	2,977	3,524
% Growth	24.6	7.0	15.2	18.4

Source: Company, ICICI Direct Research

Exhibit 5: Cash Flow Statement

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	2,414	2,583	2,977	3,524
Depreciation	115	97	129	179
Interest	4	72	40	35
Cash Flow before WC changes	2,533	2,752	3,146	3,738
Changes in inventory	1,176	1,920	(420)	(1,869)
Changes in debtors	780	(1,538)	(432)	(544)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	1,585	(1,139)	(538)	(671)
Net Increase in Current Assets	3,014	(594)	(1,490)	(3,160)
Changes in creditors	(728)	774	688	932
Changes in provisions	109	(54)	38	51
Net Inc in Current Liabilities	(2,811)	(4,336)	7,066	8,873
Net CF from Operating activities	2,736	(2,178)	8,722	9,452
Changes in deferred tax assets	(78)	(132)	-	-
(Purchase)/Sale of Fixed Assets	(174)	(826)	(800)	(850)
Net CF from Investing activities	(75)	(704)	(834)	(892)
Dividend and Dividend Tax	(712)	(731)	(827)	(968)
Net CF from Financing Activities	(721)	(166)	(1,064)	(1,003)
Net Cash flow	1,940	(3,048)	6,825	7,557
Opening Cash/Cash Equivalent	14,210	16,150	13,101	19,926
Closing Cash/ Cash Equivalent	16,150	13,101	19,926	27,483

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	201.7	201.7	201.7	201.7
Reserve and Surplus	7,738	9,787	11,740	14,296
Total Shareholders funds	7,940	9,989	11,942	14,498
Other Non Current Liabilities	137.5	131.7	131.7	131.7
Total Debt	-	440	440	440
Total Liabilities	8,885	11,975	13,928	16,484
Gross Block	1,384	2,102	2,647	3,497
Acc: Depreciation	610	707	836	1,015
Net Block	774	1,395	1,811	2,482
Capital WIP	133	245	500	500
Total Fixed Assets	929	1,657	2,328	2,999
Non Current Assets	2,395	2,888	2,922	2,964
Inventory	4,537	2,617	3,037	4,907
Debtors	1,067	2,606	3,037	3,582
Other Current Assets	2,068	3,207	3,745	4,416
Cash	16,150	13,101	19,926	27,483
Total Current Assets	24,714	22,260	30,575	41,291
Current Liabilities	3,738	4,513	5,201	6,133
Provisions	565	566	567	568
Total Current Liabilities	19,823	15,488	22,554	31,427
Net Current Assets	4,891	6,773	8,021	9,864
Total Assets	8,885	11,975	13,928	16,484

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Diluted EPS	59.8	64.0	73.8	87.4
Cash per Share	400.4	324.8	494.0	681.3
BV	196.8	247.6	296.0	359.4
Dividend per share	17.7	18.1	20.5	24.0
Dividend payout ratio	29%	28%	28%	27%
EBITDA Margin (%)	18.0	17.4	17.0	17.2
PAT Margin (%)	21.1	19.9	19.6	19.7
RoE (%)	30.4	25.9	24.9	24.3
RoCE (%)	38.6	31.7	30.5	29.7
EV / EBITDA	43.5	41.1	33.4	25.5
P/E	43.8	40.9	35.5	30.0
EV / Net Sales	7.8	7.2	5.7	4.4
Sales / Equity	1.4	1.3	1.3	1.2
Market Cap / Sales	9.2	8.1	7.0	5.9
Price to Book Value	13.3	10.6	8.9	7.3
Asset turnover	1.4	1.2	1.2	1.2
Debtors Turnover Ratio	7.8	7.1	5.4	5.4
Creditors Turnover Ratio	2.8	3.2	3.1	3.2
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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