

## Big orders in the offing...

**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 Rs 23,758 crore as of Dec-25

### 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 ~11% YoY during 9MFY26 (largely in-line with management's guidance) 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 Rs 23,758 crore as of Dec-25 vs FY21's end OB of Rs 49700 crore) At 1.9x TTM revenue, current OB mainly consist of contracts like P-17A frigates (~42% of total), ONGC (~18% of total) and post commissioning work pending in P-15B destroyers & P-75 submarines, AIP plugs etc. Major part of these contracts is expected to be concluded in the next 2-3 years, which would help company's revenue growth during FY26E-FY27E. However, we believe that revenue growth beyond FY27E will be dependent on timely placement of large contracts like 3 additional submarines and 6 next generation submarines (expected to be placed in coming months). We estimate revenue growth at ~12% CAGR over FY25-28E
- 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 ~Rs 70000 crore) and additional three Kalvari class submarines (expected order size Rs 30000 40000 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 ~Rs 13500 crore). Moreover, next-generation frigates or P-17B (expected value ~Rs 70000 crore) & next generation destroyers or P-18 (expected value ~Rs 85000 crore) are also expected to be finalised in the coming years. Company has also recently signed an MoU with Swan Defence where-in they would together bid for Landing Platform Dock. We believe that these large naval defence projects (along with huge opportunity in commercial shipbuilding across domestic and exports markets) provide longer term order inflow visibility for MDL

### Rating and Target Price

- Current order-book would drive growth over the next 2-3 years. However, timely placement of large contracts like submarines, frigates, destroyers etc would drive growth from FY28E onwards
- We estimate revenue CAGR of 11.5% over FY25-28E with EBITDA margin sustaining at 18.5-19%. After the recent correction in stock price, we believe that valuations look attractive given the sizable growth opportunities in the coming period. We upgrade our rating to BUY on MDL with maintaining TP at ₹ 3060 per share (based on 35x FY28E EPS)



### Particulars

Particular	Amount (Rs Crore)
Market Capitalisation	99,998
FY25 Debt	-
FY25 Cash	16,150
EV	83,848
52 Week H/L	3778 / 1918
Equity Capital	202
Face Value	5

### Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	84.8	81.2	81.2	81.2
FII	2.3	2.6	2.0	1.8
DII	1.7	5.2	5.7	5.4
Others	11.2	11.0	11.2	11.6

### Price Chart



### Key risks

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

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### Key Financial Summary

(Rs crore)	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	7,827	9,467	11,432	25.9	12,855	14,141	15,837	11.5
EBITDA	798	1,412	2,060	68.0	2,405	2,683	3,053	14.0
EBITDA margin (%)	10.2	14.9	18.0		18.7	19.0	19.3	
Net Profit	1,119	1,937	2,414	58.1	2,778	3,108	3,529	13.5
Diluted EPS (Rs)	55.5	96.0	59.8		68.9	77.0	87.5	
P/E (x)	44.7	25.8	41.4		36.0	32.2	28.3	
EV/EBITDA (x)	108.7	60.8	40.7		33.6	29.1	24.4	
RoCE (%)	29.6	38.9	38.6		35.6	32.6	30.7	
RoE (%)	23.5	31.0	30.4		28.0	25.6	24.1	

### Q3 and 9MFY26 Result Summary

- Company reported steady execution-led performance in Q3FY26. Revenue increased by 14.6% YoY (+22.9% QoQ) to Rs 3,601.1 crore, driven by improved execution across ongoing naval programmes.
- EBITDA margins stood at 24.6% (-136 bps YoY, +92 bps QoQ). Subsequently, EBITDA increased by 8.6% YoY (+27.7% QoQ) to Rs 887 crore. PAT grew by 9% YoY (+17.4% QoQ) to Rs 880 crore.
- For 9MFY26, revenue is up 10.9% YoY to Rs 9,978 crore while EBITDA margin contracted by 329 bps YoY to 20.6% due to higher cost base. 9MFY26 PAT remained flattish YoY at Rs 2081.4 crore
- Order backlog stood at Rs 23,758 crore as of Dec-2025 end (1.9x TTM revenue)

#### Exhibit 1: Q3FY26 and 9MFY26 Result snapshot

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments	9MFY26	9MFY25	YoY(%)
Operating Income	3,601.1	3,143.6	14.6	2,929.2	22.9	Execution remained steady	9,155.9	8,257.5	10.9
Other income	261.8	286.4		270.6			821.8	811.7	
Total Revenue	3,862.9	3,430.1		3,199.9			9,977.7	9,069.2	
Raw materials costs	2,081.6	1,324.0		1,700.0			4,877.1	4,246.4	
Employees Expenses	250.6	242.3		223.3			723.8	700.9	
Other Expenses	381.9	760.2		311.2			1,671.8	1,340.2	
Total Expenditure	2,714.1	2,326.5		2,234.6			7,272.6	6,287.5	
EBITDA	887.0	817.1	8.6	694.7	27.7	Margin contracted due to higher raw material and other expenses	1,883.3	1,970.0	-4.4
EBITDA margins (%)	24.6	26.0	-136 bps	23.7	92 bps		20.6	23.9	-329 bps
Interest	6.0	1.1		7.8			14.9	3.3	
Depreciation	23.2	39.9		23.5			69.8	86.6	
Tax	282.5	294.4		224.1			654.1	704.9	
PAT	879.8	807.0	9.0	749.5	17.4		2,081.4	2,088.2	-0.3

Source: Company, ICICI Direct Research

#### Exhibit 2: Current order book breakup as of Dec-25

Types	Particulars	Project Value (INR Cr)	Nos. (Contracted)	Client	Balance (INR Cr)	Nos. (Pending to be delivered)
Shipbuilding	P15B Destroyers	28,745	04	MOD	1,441	0
	P17A Stealth Frigates	27,254	04	MOD	9,911	01
	ICGS (CTS,NGOPV,FPV)	2,849	21	MOD	2,765	21
	Multipurpose Hybrid Powered Vessel (MPV)	715	06	NAVI MERCHANTS A/S	638	06
Submarine and Heavy Engineering	P75 Kalvari Submarines	29,621	06	MOD	1,832	0
	Medium Refit and Life Certification (MRLC) of Submarines	2,421	01	MOD	929	01
	ONGC (PRPP, DSF II & PRP 8 Grade A)	6,524	03	ONGC	4,374	03
	AIP	1,758	01	MOD	1,727	01
	Others	235	-	Other	141	-
<b>Total Order Book as on, 31<sup>st</sup> December 2025</b>					<b>23,758</b>	

Source: Company, ICICI Direct Research

#### Exhibit 3: Order-book trend



Source: Company, ICICI Direct Research

## Financial Summary

**Exhibit 4: Profit and loss statement** ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Revenue	11,432	12,855	14,141	15,837
% Growth	20.8	12.4	10.0	12.0
Other income	1,121.2	1,233.4	1,418.4	1,638
Total Revenue	11,432	12,855	14,141	15,837
% Growth	20.8	12.4	10.0	12.0
Total Raw Material Costs	5,682	6,685	7,353	8,235
Employee Expenses	979	1,028	1,120	1,221
other expenses	2,711	2,738	2,984	3,328
Total Operating Expenditure	9,372	10,450	11,458	12,784
Operating Profit (EBITDA)	2,060	2,405	2,683	3,053
% Growth	45.9	16.7	11.6	13.8
Interest	4	21	24	24
PBDT	3,177	3,617	4,077	4,668
Depreciation	115	103	141	190
PBT before Exceptional Items	3,062	3,514	3,936	4,478
Total Tax	784	893	1,000	1,137
PAT before MI	2,277	2,622	2,936	3,340
PAT	2,414	2,778	3,108	3,529
% Growth	24.6	15.1	11.9	13.6

Source: Company, ICICI Direct Research

**Exhibit 5: Cash Flow Statement**

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	2,414	2,778	3,108	3,529
Depreciation	115	103	141	190
Interest	4	21	24	24
Cash Flow before WC changes	2,533	2,902	3,273	3,743
Changes in inventory	1,176	(394)	(493)	(651)
Changes in debtors	780	(130)	(120)	(158)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	1,585	(257)	(233)	(307)
Net Increase in Current Assets	3,014	(1,092)	(976)	(1,285)
Changes in creditors	(728)	488	423	558
Changes in provisions	109	39	34	45
Net Inc in Current Liabilities	(2,811)	2,642	2,218	2,971
Net CF from Operating activities	2,736	4,452	4,515	5,429
Changes in deferred tax assets	(78)	-	-	-
(Purchase)/Sale of Fixed Assets	(174)	(650)	(800)	(850)
Net CF from Investing activities	(75)	(668)	(816)	(872)
Dividend and Dividend Tax	(712)	(787)	(887)	(1,008)
Net CF from Financing Activities	(721)	(808)	(911)	(1,032)
Net Cash flow	1,940	2,976	2,787	3,525
Opening Cash/Cash Equivalent	14,210	16,150	19,126	21,913
Closing Cash/ Cash Equivalent	16,150	19,126	21,913	25,437

Source: Company, ICICI Direct Research

**Exhibit 6: Balance Sheet** ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	201.7	201.7	201.7	201.7
Reserve and Surplus	7,738	9,729	11,950	14,470
Total Shareholders funds	7,940	9,931	12,151	14,672
Other Non Current Liabilities	137.5	137.5	137.5	137.5
Total Debt	-	-	-	-
Total Liabilities	8,885	10,876	13,096	15,617
Gross Block	1,384	1,767	2,467	3,317
Acc: Depreciation	610	713	855	1,045
Net Block	774	1,054	1,613	2,273
Capital WIP	133	400	500	500
Total Fixed Assets	929	1,476	2,134	2,794
Non Current Assets	2,395	2,413	2,430	2,451
Inventory	4,537	4,931	5,424	6,075
Debtors	1,067	1,197	1,317	1,475
Other Current Assets	2,068	2,326	2,558	2,865
Cash	16,150	19,126	21,913	25,437
Total Current Assets	24,714	28,782	32,545	37,354
Current Liabilities	3,738	4,226	4,649	5,207
Provisions	565	566	567	568
Total Current Liabilities	19,823	22,465	24,683	27,653
Net Current Assets	4,891	6,317	7,862	9,701
Total Assets	8,885	10,876	13,096	15,617

Source: Company, ICICI Direct Research

**Exhibit 7: Key ratios**

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Diluted EPS	48.0	59.8	68.9	77.0	87.5
Cash per Share	704.5	400.4	474.1	543.2	630.6
BV	309.6	196.8	246.2	301.2	363.7
Dividend per share	22.2	17.7	19.5	22.0	25.0
Dividend payout ratio	23%	29%	28%	29%	29%
EBITDA Margin (%)	14.9	18.0	18.7	19.0	19.3
PAT Margin (%)	20.5	21.1	21.6	22.0	22.3
RoE (%)	31.0	30.4	28.0	25.6	24.1
RoCE (%)	38.9	38.6	35.6	32.6	30.7
EV / EBITDA	60.8	40.7	33.6	29.1	24.4
P/E	25.8	41.4	36.0	32.2	28.3
EV / Net Sales	9.1	7.3	6.3	5.5	4.7
Sales / Equity	1.5	1.4	1.3	1.2	1.1
Market Cap / Sales	10.6	8.7	7.8	7.1	6.3
Price to Book Value	8.0	12.6	10.1	8.2	6.8
Asset turnover	1.5	1.4	1.3	1.2	1.1
Debtors Turnover Ratio	6.6	7.8	11.4	11.2	11.3
Creditors Turnover Ratio	2.1	2.8	3.2	3.2	3.2
Debt / Equity	-	-	-	-	-
Current Ratio	2.3	1.8	1.7	1.8	1.8
Quick Ratio	1.1	0.7	0.7	0.7	0.7

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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