INVasset Corporate Insights



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India's Best Performing and Most Customer Centric PMS

Mazagon Dock Shipbuilders stands at the confluence of India's maritime ambition and industrial precision. As the nation's premier warship and submarine builder, MDL has evolved from a legacy defence PSU into a mission-critical force powering India's naval modernization. Backed by decades of technical mastery, zero-debt strength, and a once-in-a-decade project pipeline, Mazagon Dock is now poised to enter a new orbit of scale, profitability, and strategic relevance—both at home and on the global

Quarter Snapshot:

- Revenue rose 11.4% YoY to ₹2,625.59 Cr, supported by sustained execution across naval projects.
- PAT stood at ₹452.15 Cr, impacted by a ₹532 Cr provision for two legacy fixed-price contracts.
- EBITDA Margin remained strong, aided by scale and execution efficiency
- Order Book at ₹29,918 Cr provides >11x trailing Q1 revenue visibility.
- Order Pipeline strong: submarine contracts and other projects may push visibility to ₹1.25–1.5 lakh Cr.
- Capex of ₹4,000 Cr underway; supports construction of 10 warships and 11 submarines in parallel.
- Diversification via ₹6,500 Cr ONGC order and ₹715 Cr Europe export deal reduces MoD dependence.

Management Guidance Highlights: MDL expects 8–10% revenue CAGR, citing a design-to-execution lag post order wins. PBT margin is guided at a normalized 15%, with recent 25–27% margins termed non-recurring—driven by late-stage, high-margin projects like P-15B. The P-75(AS) execution is expected to contribute 10% of revenue in FY28.

Accounting Provisions Mask Underlying Profitability- Despite steady operational performance, reported PAT was significantly impacted by a ₹532 crore provision related to two contracts—FPVs for the Coast Guard and a Danish export order. These were fixed-price bids placed before a global surge in input costs, leading to expected margin erosion. The provision is non-cash, conservative, and will be reassessed quarterly. Excluding this, the underlying margin profile remains strong, and execution continues as scheduled.

Order Book Visibility Expanding Sharply- The order book of ₹29,918 crore is backed by high-margin projects like P-15B, P-17A, and Kalvari submarines. If the two submarine programs and one large surface combatant order (such as Project 17 Bravo or MCMV) materialize, total visibility could rise to ₹1.25–1.5 lakh crore within Fy26.

CapEx-Backed Capacity Expansion Fully Funded Internally- Submarine capacity has nearly doubled, supported by new workshops and infrastructure investments. A ₹4,000 crore capex plan is underway across Nhava Yard and port-leased land, enabling construction of 10 warships and 11 submarines in parallel. The program is funded entirely through internal accruals, with no debt drawdown, preserving balance sheet strength.

Submarine Orders to Anchor Long-Term Growth- Additional Submarines contracts, valued at ₹30,000–40,000 crore, are at the signing stage, with execution expected to commence in FY26. Separately, the P-75(I) program—featuring full technology transfer—is under commercial discussion. Together, these projects are poised to drive a multi-year revenue and margin cycle, potentially quadrupling the current order book.

Cost Pressures Emerging from Execution Load and Outsourcing- With 27 ships under construction, MDL has ramped up subcontracting and outsourcing activity, which has elevated cost structures. Certain blocks are now being fabricated offsite, adding transport and logistical overheads. While essential for meeting timelines, this shift compresses near-term margins—particularly in lower-value contracts.

Stock Data	
CMP (06-08-2025)	Rs.2847.80
52 Week High/Low	Rs.3778/ Rs.1917.95
Face Value (in Rs.)	Rs. 5
Market Cap (In Crs)	Rs.1.12L Cr
Enterprise Value (In Crs)	0.96L Cr
NSE	MAZDOCK
BSE	543237
Bloomberg	MAZDOCKS:IN
Sector	Shipbuilder

Shareholding Pattern (in %)		
	Jun 24	Jun 25
Promoter	84.83%	81.22%
FII	2.44%	2.57%
DII	0.83%	5.21%
Public	11.89%	11.00%

Price Performance (in %)			
(%)	1M	6M	1Yr
Nifty 50	-3.50%	4.10%	2.41%
Mazdock	-15.77%	25.42%	18.83%

Export and Commercial Diversification Gathering Momentum- Non-MoD projects, including a ₹6,500 crore offshore order from ONGC and ₹715 crore export order from Europe, indicate a meaningful shift toward diversified revenue. While initial margins may be lower, these contracts reduce dependency on a single client and open new markets for future participation

Strategic Importance in Indian Defence Shipbuilding

Dual Capability: Destroyers and Submarines- MDL is the only Indian shipyard with the proven expertise to build both destroyers and conventional submarines. This dual capability is unmatched domestically and serves as a significant technological and strategic moat.

Lead Role in National Defence Projects- The company leads critical programmes like the Nilgiri-class stealth frigates (Project 17A) and the Project 15B destroyers. Notably, all four Project 15B ships were delivered ahead of schedule, showcasing superior project execution.

Trusted Partner to Indian Navy- MDL's consistent delivery of high-complexity, capital-intensive naval platforms has earned it a preferred status with the Indian Navy. Its execution reliability is crucial for defence readiness and long-term capability planning.

Strong Financial Foundation- The company has maintained over two decades of uninterrupted profitability and operates with zero debt. This financial resilience enables MDL to internally fund major capex, such as the ₹900 crore Mazdock Modernization Project and acquisitions like Colombo Dockyard PLC.

Commitment to Indigenization- Despite global supply chain disruptions, MDL successfully delivered five Scorpene-class submarines. It continues to collaborate closely with DRDO and domestic vendors to integrate indigenous systems and reduce reliance on foreign technology.

Scalable Shipbuilding Capacity- Following recent infrastructure upgrades, MDL now has the capacity to simultaneously construct 11 submarines and 10 warships. This expanded capability positions the company to handle the next phase of large-scale defence orders.

Macro Drivers of Demand

Rising Defence Allocation- India's defence budget continues to outpace GDP growth, driven by intensifying regional tensions and modernization imperatives. With aspirations to take defence spending to 3–4% of GDP, the pipeline for complex platforms—especially destroyers and submarines—remains strong. This macro shift provides MDL with a durable demand engine.

Structural Demand from Indigenisation Mandates- The government's directive to source 75% of defence equipment domestically ensures a guaranteed addressable market for Indian defence PSUs. As one of the few capable of delivering high-value warships and submarines, MDL is a direct beneficiary of this indigenisation push, securing multi-year visibility in new builds and lifecycle upgrades.

'Make in India' and the Year of Reforms- Defence procurement is undergoing structural acceleration under the "Year of Reforms" initiative, with an emphasis on bundled, multi-domain capability integration. MDL's continued partnerships with DRDO and domestic vendors align it closely with the national goal of Atmanirbhar Bharat, while also enabling competitive cost structures and technological adaptability.

Maritime Amrit Kaal Vision 2047- India's maritime ambitions, embedded in the Maritime India Vision 2047, call for massive investment in naval capacity and indigenous shipbuilding infrastructure. MDL's acquisition of Colombo Dockyard PLC (CDPLC) positions it as both a strategic executor of this vision and a regional industrial anchor.

Export Expansion Through CDPLC- CDPLC's USD 300+ million order pipeline offers MDL instant access to international revenues and strategic maritime corridors. This venture lays the groundwork for MDL's emergence as a credible South Asian shipbuilding exporter, particularly as India builds out its presence in ASEAN and IOR (Indian Ocean Region) countries.

Domestic Production Surge- India's FY24 domestic defence production reached a record ₹1.27 lakh crore, validating strong execution on indigenisation targets. MDL, as a prime contractor for ship-based platforms, stands to capture significant value across hull construction, combat systems integration, and long-cycle servicing.

High Entry Barriers and Technology Depth- The dual capability of manufacturing both destroyers and submarines—unique among Indian PSUs—serves as a high barrier to entry. MDL's embedded position in complex naval projects reduces the risk of private-sector disruption, ensuring continued preference in capital-intensive, high-stakes programmes.

Indian Shipbuilding Sector Dynamics- India's shipbuilding industry is benefiting from structural reforms and heightened geopolitical focus on maritime capability. This has translated into strong investor confidence, as seen in the defence sector's valuation premium — with the Nifty India Defence index trading at a P/E in the 52–55x range, far above the Nifty 50's 21–22x. MDL's specialized positioning in complex naval platforms reinforces its relevance within this expanding sector, as investors increasingly favor companies with technological depth, execution history, and strategic defence alignment.

Risks & Mitigants

Project Execution Complexity- The inherent complexity of large naval projects poses risks of delays and cost overruns; however, MDL's strong execution history, evident in the early delivery of P15B destroyers, along with digital adoption (AR/VR) and modernized infrastructure, enhances its ability to manage such challenges efficiently.

Dependence on Government Contracts- While MDL relies heavily on orders from the Indian Navy and MoD, its exposure is mitigated by the government's sustained defence capex push and MDL's growing diversification into commercial and international projects such as merchant vessels and Colombo Dockyard PLC.

Technology Obsolescence Risk- Rapid advances in naval technology could outpace existing capabilities, but MDL proactively mitigates this through deep collaboration with DRDO, strong indigenisation efforts, and access to next-gen technologies via upcoming programmes like Project 75(I).

Geopolitical and Economic Volatility- External disruptions such as global tensions or supply chain shocks could affect operations, yet MDL's domestic sourcing focus, debt-free balance sheet, and geographic diversification through CDPLC enhance its resilience.

Peer Comparison

Name	CMP	Mar Cap (In Cr)	ROE %	Debt / Eq	Sales CAGR 3Y %
Mazagon Dock	2847.80	112329.22	34.03	0.00	25.86
Cochin Shipyard	1709.55	44975.01	15.85	0.09	12.38
Swan Defence	337.65	1778.81	-46.43	8.47	3.61
Laxmipati Engg	410.25	235.89	122.18	5.26	21.39
Hariyana Ship	115.25	71.10	1.10	0.11	-89.07

Financial Analysis

Revenue Performance- Consolidated revenue from operations stood at ₹2,625.6 Cr in Q1 FY26, down sequentially from ₹3,174.4 Cr in Q4 FY25 — a typical pattern for project-based businesses. However, revenue grew 11.4% YoY from ₹2,357.0 Cr, reflecting healthy operational scale-up. Total income for the quarter was ₹2,914.9 Cr, lower than ₹3,483.9 Cr in Q4 FY25 but higher than ₹2,628.0 Cr in the same quarter last year.

Operating Margin & Profitability Dynamics- MDL reported a consolidated operating margin of 11% in Q1 FY26, improving from 2% in Q4 FY25, reflecting stronger cost control and operational efficiency. However, it remained well below the 26% margin in Q1 FY25.While revenue improved YoY, profitability was significantly impacted by a ₹540.1 Cr one-time provision related to two fixed-price contracts, both bid before input costs surged globally. This provision, though non-cash and subject to quarterly reassessment, materially compressed margins for the quarter.The sharp fluctuation in margins and provisions underscores that MDL's quarterly profitability is highly sensitive to project stage and cost timing, and should be interpreted in the context of long-term execution cycles rather than short-term comparisons.

Earnings Per Share (EPS) Performance- Both consolidated and standalone EPS saw sequential improvement in Q1 FY26, reflecting stronger profitability over the previous quarter. However, on a year-over-year basis, EPS remained lower, in line with the decline in PAT caused primarily by the one-time provision impact. The trend mirrors MDL's bottom-line movement across quarters.

Balance Sheet Strength- MDL maintains a zero-debt balance sheet, a rare advantage in the capital-intensive shipbuilding sector. This eliminates financial risk from leverage, allowing the company to fund operations and growth internally without reliance on external borrowing. With paid-up equity capital of ₹201.7 Cr, MDL's financial resilience reflects disciplined capital management and strong cash generation, enabling greater strategic flexibility and autonomy.

Execution Visibility Backed by Customer Advances- MDL reported over ₹6000 Cr in advances from customers, a key indicator of execution-backed cash flow. This advance inflow significantly lowers the company's working capital burden, supports self-funded project execution, and reflects strong delivery commitment from clients like the Indian Navy.

Investment Rationale

Large Order Book & Long-Term Visibility – MDL's strong execution record in high-complexity defence contracts underpins an order book offering over 5–6 years of assured revenue visibility, supported by key submarine and destroyer programmes for the Indian Navy.

Strategic Position in Indian Defence Shipbuilding – As the sole Indian yard with capabilities across both conventional submarines and destroyers, MDL holds a critical role in the nation's maritime defence strategy, making it a key beneficiary of rising defence allocations and the government's indigenisation push.

Scalable Capacity & Capex-Led Growth – Ongoing capacity expansion allows MDL to concurrently build multiple submarines and surface ships, positioning it to capture the next leg of domestic and export opportunities, including P-75(I) submarines and offshore commercial projects.

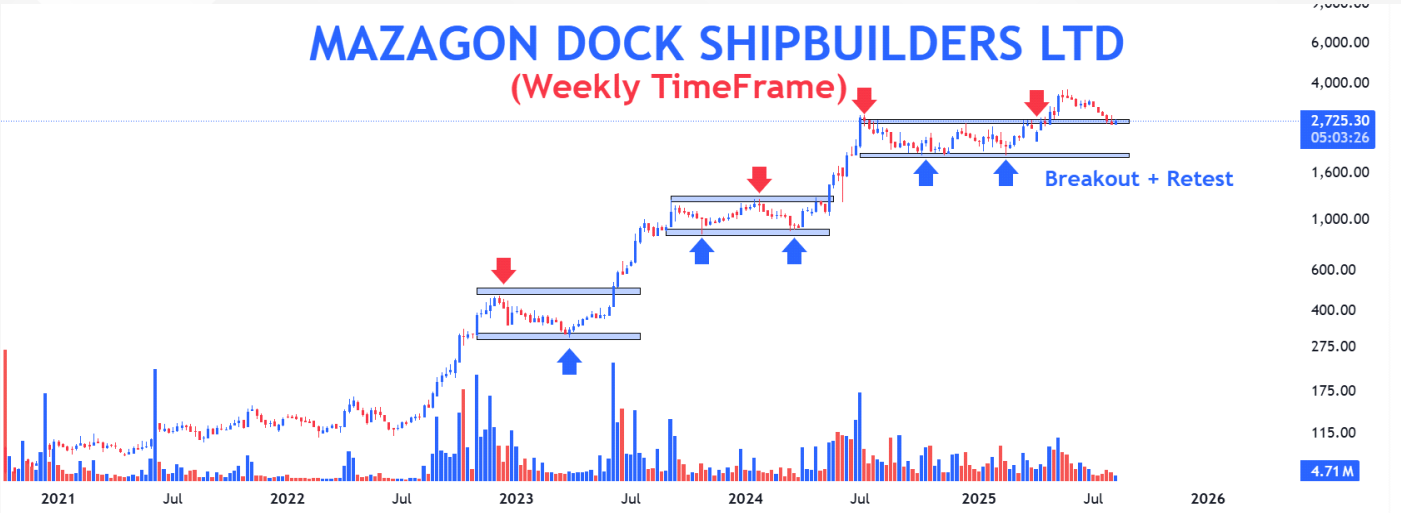
Export & Diversification Momentum – Strategic partnerships such as Colombo Dockyard PLC open access to overseas markets and ship repair opportunities, while non-defence contracts (ONGC, Denmark export orders) diversify revenue streams and reduce single-client dependency.

Strong Financials & Debt-Free Balance Sheet – MDL's zero-debt capital structure, substantial customer advances, and high operating margins provide financial resilience, enabling competitive project execution without reliance on external borrowing.

Favourable Industry Tailwinds – Rising global naval spending, India's 'Make in India' defence manufacturing push, and heightened geopolitical focus on maritime security provide a sustained demand environment, supporting MDL's long-term growth trajectory.


Revenue From Operations (In Cr)
4000
3000
2000
1000
0
2626
3174
2357
June'25
Mar'25
June'24
RFO
Total Income
4000
3000
2000
1000
0
2915
3484
2628
June'25
Mar'25
June'24
Total Income(In Cr)
EBITDA (In Cr)
1,000.00
750.00
500.00
250.00
591.00
400.00
913.00
June'25
Mar'25
June'24
EBITDA
PBT (In Cr)
900
675
450
225
0
567
370
889
Jun'25
Mar'25
Jun'24
Jun'25
Mar'25
Jun'24
Compounded Growth(In %)
60
45
30
15
0
38.3
18.4
57.3
25.9
5 Years
3 Years
Profit
Sales
Operating Margin %
30
22.5
15
7.5
0
11
2
26
Jun'25
Mar'24
Jun'24
Operating Margin

Technical Outlook



The weekly chart for Mazagon Dock Shipbuilders Ltd. shows a consistent pattern of breakout and retest, highlighting strong trend continuation over the past few years. Price has repeatedly consolidated in horizontal ranges before breaking out with volume support, followed by successful retests that established prior resistance levels as new support.

In the latest structure, the stock broke above the ₹1,600–₹1,700 zone in early 2025 and rallied toward ₹3,700 before entering a corrective phase. This pullback has brought prices back to retest the breakout area near ₹2,700–₹2,800, which aligns with prior resistance and is now acting as a support base. Volume during the decline has remained moderate, suggesting the absence of aggressive distribution.

As long as the ₹2,600–₹2,700 zone holds on a weekly closing basis, the broader uptrend remains intact. A sustained rebound from this zone could set the stage for a move back toward the ₹4,000 mark and potentially higher, continuing the stock's established breakout-retest rhythm.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	2711.72	2724.42
10	2743.11	2751.52
20	2818.50	2832.89
50	3081.39	2972.62
100	3019.01	3012.60
200	2626.59	3080.34

Pivot Levels : FIBONACCI		
R1 2766.14	Pivot 2741	S1 2715.86
R2 2781.66		S2 2700.34
R3 2806.80		S3 2675.20

	Daily	Weekly
Relative Strength Index (RSI)	38.65	46.70

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