

Mazagon Dock Shipbuilders Ltd



MAZDOCK.NS
CMP: 246.00

543237 NON-PREMIUM
BUY BELOW: 300.00

JUL 2022

ABOUT COMPANY

Mazagon Dock Shipbuilders Limited, Mumbai, an ISO 9001: 2015 Company is one of the leading shipbuilding yard in India. The History of Mazagon Dock dates back to 1774, when a small dry dock was constructed in Mazagon. Over the years, MDL has earned a reputation for quality work and established a tradition of skilled and resourceful service to the shipping world in general and the Indian Navy & Coast Guard.

It was incorporated as a Private Limited Company in 1934. After its takeover by the Government in 1960, Mazagon Dock grew rapidly to become the premier war-shipbuilding yard in India, producing warships for the Navy and offshore structures for the Bombay High. It has grown from a single unit, small ship repair company, into a multi-unit and multi-product company, with significant rise in production, use of modern technology and sophistication of products. The company's current portfolio of designs spans a wide range of products for both domestic and overseas clients. Since 1960, MDL has built total 799 vessels including 26 warships, from advanced destroyers to missile boats and 6 submarines.

MDL had also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessel, water tankers, tugs, dredgers, fishing trawlers, barges & border out posts for various customers in India as well as abroad. MDL have also fabricated and delivered jackets, main decks of wellhead platforms, process platforms, jack-up rigs etc.

<https://www.mazagondock.in/>

SHIP BUILDING & SUBMARINES



Warships & Submarines



Profit & Loss

Standalone Figures in Rs. Crores / [View Consolidated](#)

	Mar 2012	Mar 2013	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	2,278	2,331	3,619	4,127	3,530	4,475	4,614	4,905	4,048	5,733
Expenses +	2,077	2,222	3,405	3,910	3,403	4,325	4,353	4,642	3,822	5,299
Operating Profit	201	109	214	217	126	149	261	263	226	435
OPM %	9%	5%	6%	5%	4%	3%	6%	5%	6%	8%
Other Income +	532	547	563	760	765	612	664	600	491	420
Interest	27	2	0	4	4	14	36	36	28	7
Depreciation	13	15	31	44	39	50	64	69	60	75
Profit before tax	692	639	746	929	848	697	825	758	630	773
Tax %	29%	35%	34%	39%	37%	37%	37%	46%	24%	24%
Net Profit	494	413	492	568	533	440	517	408	480	586
EPS in Rs								20.25	23.78	29.08
Dividend Payout %	20%	24%	20%	18%	37%	56%	19%	53%	30%	30%

Awards & Honours



MDL won the 11th PSE Excellence Award in Human Resource Management Category for the year 2019-20. The award was presented virtually during the PSE Conclave & PSE Excellence Award held on 25 Feb '22. The award was received by VAdm Narayan Prasad, Chairman & Managing Director, MDL.



The National Awards for Excellence in Corporate Social Responsibility (CSR) under the category "Best Relief Package Announced for COVID-19" was conferred to Mazagon Dock Shipbuilders Ltd. (MDL) by World HRD Congress, Mumbai.



The award was presented to MDL at Bengaluru on 27th Oct 2021 for CSR projects on COVID Relief in Mumbai, Nandurbar and other parts of Maharashtra.

POSITIVES

- Company is holding Global Reputation in Ship Building, Submarines & hold the title Ship Builder to the Nation through Navy, Defense public sector undertaking of Warships & Submarines since 1979. The company has a virtual monopoly on building destroyers, frigates and submarines for Indian Navy and Indian Coast Guard in India.
- Company is undergoing Expansion in Capacity & Global Export Outreach through Indian Embassies. Mazagon Dock plans 2000 Crore Greenfield Capex near Nhava Sheva port in Navi Mumbai.
- MDL increasing Ship Repair Activities to Increase Revenue Drive in short-term. Global Ship Repairing market is expected to grow 7.1% till 2030 which will help the MDL to achieve a massive growth during the period.
- Through Swacch Bharath Abhiyaan & Make in India incentive programmes the company focuses on Production Efficiency improvement, Reduce Expenditure & Achieve 20% Post Tax Returns from current 10% levels per DPE guidelines.

POSITIVES

- MDL have Core R&D Team executed 3 Major R&D projects through IIT Madras while venturing into AI arena. MDL also entering Technology Consulting for Design of warships & commercial ships. These will boost the Revenues in upcoming years.
- Value Investing parameters shows positives on:
 - Zero Debt enabling smooth sailing during tough times
 - High Profit Margin of 10% compared with Peers
 - Debtor Days improved by 40% in past 2 years
 - Trading near 52 week low levels
 - Intrinsic Value Discount above 65%
 - High Promoter Holdings of 85% displaying confidence in company growth
 - High Reserves generating Passive Income & Contributing to Other Income
 - ROCE above 25% & ROE above 20% considered Outstanding
 - Debtor Days improved 100% in past 3 years from 117 to 64

NEGATIVES

- Sales Growth for Past 5 Years is below 10% Levels
- Net Profit Margin is Low removing the Other Income component
- Current Revenue Model is Tied-up to Indian Defense Spending
- Defense Technology is very Dynamic & Keeping pace with changes is a challenge.
- Global Lock-downs can Impact the proposed Revenue Growth for upcoming years

WARREN BUFFETT CHECKLIST

FACTOR	OUTCOME
ECONOMIC MOAT	Good
GROWTH	Moderate
VALUATION	Good
DEBT	Good
INTEGRITY	Moderate



SUMMARY

RISK: MODERATE

RETURNS: MODERATE

MULTIBAGGER

- The company is having Multibagger Properties and could give 300-500% returns in 5 Years & 1000% plus in 10 year time line if the growth is persisted.

BUYING STRATEGY

- Buy 70% at Current Price Level and 30% remaining on 30% Correction Levels

[Conservative Investors can do 50% now, remaining at 50% corrections or below]

HOLDING PERIOD 5 Years

[We are into LONG TERM INVESTING and Investor should not expect quick up movements in price. Incremental Investing is advised & Any corrections should be considered as Opportunity to add more – Remember our focus should be the 500% Future returns – so any price correction investments will zoom the returns]

CATEGORY Non-Premium

DISCLAIMER

Futurecaps is the website registered as a Research Analyst with SEBI (INH200006956) offering investment advisory services to clients as well as prospects. The Research Analyst (not a corporate body) for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to the recommendations or views expressed in this report. Other disclosures by Research Analyst with reference to the subject company(s) covered in this report-:

Whether Research Analyst does have any financial interest in the subject company: (NO)

Whether Research Analyst relatives have financial interest in the subject company: (NO)

Research Analyst or his/her relative's does have any material conflict of interest in the subject company: (NO)

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

Research Analyst has served as officer, director or employee of the subject company: (NO)

This report is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person.

This report is created from Public Source of Information available through Internet from Company website & Other websites & the Research Analyst does not guarantee the Validation of Content in this report. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information for the Subscribers of Futurecaps. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and we do not warrant its accuracy or completeness. Futurecaps Research Analyst or representatives do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report.

Logos & Pictures are copyright of respective company owners.

KEY GUIDELINES

1

LONG TERM INVESTING

Long Term Investing is the Purpose of Stock Market. In short-term stock prices will move up & down but in long term up only aligning with the company performance. DO NOT GET PANIC IF PRICE CORRECTS 30-50% AS WE EXPECT 300-500% RETURNS!

IT IS PASSIVE

Long Term Investing is Passive. You only need to spend couple of hours per month to read reports, perform 1-2 buy-sell activities.

NO DAILY PRICE MOVEMENT WATCHING

No daily price movement watching required as we are not Day Traders.

BEAR MARKET IS A BLESSING

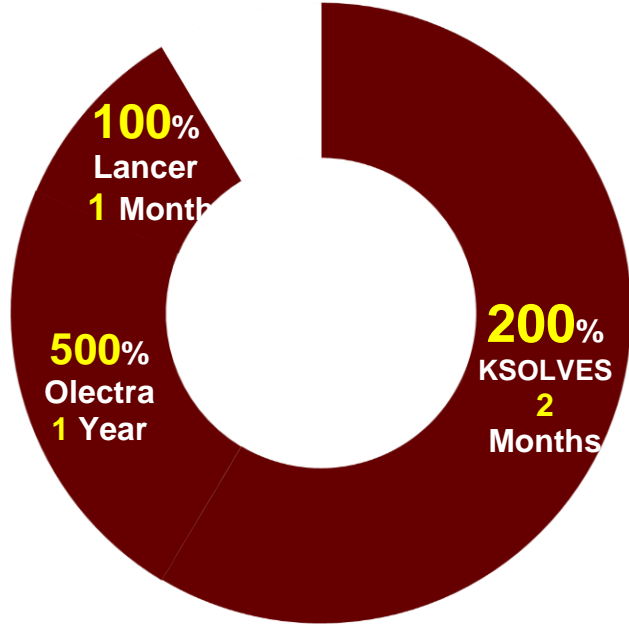
We should keep 30% Reserve Fund to Opportunities any Bear Market price crashes. A growth company bought at cheaper prices will maximize the returns in future.

Example: Advisor bought Caplin at Rs. 400 in 2019, later in 2020 the price crashed to Rs. 200. The Advisor bought more at the Price as the Growth & Valuations were attractive. Later back in 2022 the price reached Rs. 1000 levels giving 200% Returns on the original investment & 300% on the bear bottom investment. So bear market are golden opportunities!

LEARN MORE futurecaps.com/mastermind

HIDDEN GEMS

If you are profitable & happy with our Multibagger Plan you can try this HIDDEN GEMS plan too..



MICROCAP PLAN

- Advanced Investors who made Profit from our Multibagger Plan can Try this
- Value Investing oriented approach
- Microcap based Selections
- 500-1000% expected returns 5 year holding period
- Email to FuturecapsAdvisor@Gmail.com to avail **Discount 20%** for existing clients