



MSEARCH

IPO OFFERING

MAZAGON DOCK SHIPBUILDERS LTD



About Company

Recommendation: Subscribe for listing gain

Mazagon Dock Shipbuilders Ltd (MDSL) is a wholly owned GOI company with Mini Ratna status. It was incorporated in 1934 as a private company which was later taken over by GOI under warship development programme and is now India's leading defence PSU under Ministry of defence. MDSL is primarily engaged in constructing and repairing warships and submarines and other types of vessels i.e. cargo ships, multipurpose support vessels, barges and border outposts, tugs, dredgers, water tankers, etc. for commercial clients. It is the only shipyard to build destroyers and conventional submarines to be used by the Indian Navy with a maximum shipbuilding and submarine capacity of 40,000 DW. As of now, it has built 795 vessels, including 25 warships, 4 missile boats, 3 submarines, 6 Leander class frigates, 3 Godavari class frigates, 3 Shivalik class frigates, 3 corvettes, and 6 destroyers.

Price Band	: Rs. 135 to 145 per share
Bid Lot size	: 103 Shares
Issue size	: Rs. 444 Cr
Issue Opens	: September 29 th 2020, Tuesday
Issue Closes	: October 1 st 2020, Thursday
Min App Amount	: Rs. 14,935 /- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View: We believe Mazagon Dock IPO offer gives investors an opportunity to play on Indian growing defence story allied with Make in India push. We read out that it is the only company in the country to manufacture warships and submarines for the Indian Navy and also constructs cargo ships, multipurpose support vessels, dredgers and water tankers. On valuations parse at upper price band (Rs 145/-), the issue is asking for market cap Rs 2,925 Cr with PE (FY20) 6x compared to industry avg of ~10x and P/BV below 1x vs. industry avg of ~1.52x, which seems to be fairly and reasonably prices with something left on the table for listing gains. **Considering attractive valuations and the objective of the issue which is to carry out the disinvestment of equity shares by the selling shareholder constituting 15.17% (OFS) paid up equity share capital and Mazagon will not receive any proceeds from the Offer, we recommend investors to go "Subscribe for listing gain".**