

A Data-Driven Financial Performance Evaluation of Mazagon T Using Ratio Analysis

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ABSTRACT

Financial analysis is the systematic process of evaluating a company's financial performance and position using its financial statements. Ratio analysis plays a vital role in financial analysis by converting accounting data into meaningful indicators that help assess liquidity, solvency, profitability, and efficiency. This study aims to evaluate the financial performance of Mazagon Dock Shipbuilders Limited (Mazagon Ltd) using ratio analysis and comparative financial statements. The research is based on secondary data collected from annual reports and published financial statements of the company for a period of five years. Liquidity ratios, solvency ratios, profitability ratios, and comparative balance sheets are used as analytical tools. The study helps in identifying the strengths and weaknesses of the company's financial position and provides insights for investors, management, and other stakeholders. The results of the study indicate that Mazagon Ltd has maintained strong profitability, sound liquidity, and stable solvency over the study period.

Keywords: Mazagon Ltd, Ratio Analysis, Financial Performance, Comparative Statement.

INTRODUCTION

Financial analysis is an important tool used to evaluate the overall financial health and operational efficiency of a company. It involves a detailed examination of financial statements such as the balance sheet, income statement, and cash flow statement. Ratio analysis is one of the most widely used techniques in financial analysis as it establishes relationships between different financial variables and helps in meaningful interpretation of financial data.

Ratios are classified into liquidity ratios, solvency ratios, profitability ratios, and efficiency ratios. Liquidity ratios measure the firm's ability to meet short-term obligations, solvency ratios evaluate long-term financial stability, and profitability ratios assess the firm's capacity to generate profits.

Financial analysis helps investors in decision-making, management in planning and control, and creditors in assessing creditworthiness.

In this context, the present study attempts to analyse the financial performance of **Mazagon Dock Shipbuilders Limited**, one of India's leading public sector shipbuilding companies, using ratio

analysis over a period of five years.

COMPANY PROFILE

Mazagon Dock Shipbuilders Limited (MDL), commonly known as Mazagon Ltd, is one of India's leading shipbuilding companies under the Ministry of Defence. The company plays a vital role in the construction of warships and submarines for the Indian Navy and other allied services. With a strong focus on defence manufacturing, Mazagon Ltd contributes significantly to India's indigenous defence capabilities under the "Make in India" initiative.

Company Details

Trade Name: Mazagon Dock Shipbuilders Limited

Company Type: Public Sector Undertaking (PSU)

Industry: Shipbuilding & Defence

Founded: 1934

Headquarters: Mumbai, Maharashtra, India

Ownership: Government of India

STATEMENT OF THE PROBLEM

Mazagon Dock Shipbuilders Limited operates in a capital-intensive and highly regulated defence

manufacturing sector. The company's financial performance is influenced by factors such as government defence spending, project execution timelines, cost control, and technological advancements. Despite strong order books and strategic importance, continuous evaluation of the company's financial performance is necessary to assess its efficiency, profitability, and financial stability.

The problem addressed in this study is the need to analyse the financial performance of Mazagon Ltd using ratio analysis and comparative financial statements. Without proper financial evaluation, stakeholders may face difficulties in understanding the company's liquidity position, solvency strength, and profitability trends. Hence, this study attempts to analyse the financial performance of Mazagon Ltd over a period of five years.

OBJECTIVES OF THE STUDY

To analyse the financial performance of Mazagon Dock Shipbuilders Limited.

To evaluate the liquidity, solvency, and profitability position of the company using ratio analysis.

SCOPE OF THE STUDY

The study entitled "**A Data-Driven Financial Performance Evaluation of Mazagon Ltd Using Ratio Analysis**" is to analyze the financial performance of Cipla Ltd for the last 5 years. The study is based on the financial position of the firm by using Ratio analysis, and Comparative statements. Financial statements help the management to analyze profit, solvency, liquidity and efficiency etc. this analysis will give the exact picture of the company.

These studies will also help the management to take managerial decisions to understand the new possibilities. The study helps us to conduct researches in financial areas and it also helps us for taking financial Decisions in Personal Life

LIMITATIONS OF THE STUDY

- The study is based only on secondary data.
- Only monetary aspects are considered; qualitative

factors are not included. The analysis is limited to a five-year period due to time constraints.

REVIEW OF LITERATURE

1. Sharma, A. & Gupta, R. (2025) "Strategic Growth and Financial Performance of Mazagon Dock Shipbuilders Ltd." This study analyses the recent financial performance and strategic initiatives of Mazagon Dock Shipbuilders Ltd., highlighting strong revenue growth (~21% YoY to ₹9,466 cr in FY24) and significant profitability improvements (PAT rising substantially over three years). It emphasizes the company's alignment with Make in India and AtmaNirbhar Bharat priorities through indigenization efforts, infrastructure upgrades, export focus, and CSR initiatives. The literature notes an enhanced order book and strategic diversification into repair and greenfield yard projects, while acknowledging supply chain and geopolitical risks that could impact future performance.

2. Shastri, A. (2025) "SWOT Analysis of Mazagon Dock Shipbuilders Ltd." This comprehensive SWOT analysis outlines the strengths, such as MDL's status as India's premier warship and submarine builder with modern CAD/CAM capabilities, and strong government backing; weaknesses, including limited workforce and constrained expansion; opportunities in diverse shipbuilding segments; and threats from environmental and geopolitical challenges. The review underscores the importance of digital marketing and better asset utilization to enhance competitive positioning.

3. Iyer, S. (2024) "Investor Perspectives and Competitive Positioning of Mazagon Dock Shipbuilders" (Forbes/Industry Analysis). This article synthesizes industry and investor viewpoints, noting MDL's unique role in building India's largest destroyers and submarines, with significant revenue growth (37% in 2023) and improved execution on major defence projects. It explains how MDL's production capacity (now able to build multiple submarines and warships concurrently) and achievements in indigenization have increased investor confidence, and discusses competitive positioning among Indian shipyards.

4. Economic Times Corporate Report (2025)

“R&D Initiatives and Collaborative Projects at MDL” An institutional review focused on research and development programmes at MDL, highlighting strategic partnerships with academic institutions (IITs) and MSMEs to develop autonomous underwater technology and sustainable maritime solutions. The report details MDL’s R&D expenditure (~5% of PAT in FY25) and projects such as autonomous underwater swarm drones and advanced steering consoles. It demonstrates how MDL’s innovation agenda aims to reduce dependency on external technologies and position the company for future defence and commercial marine demands.

5. Funds India Equity Research (2024) “Growth Catalysts and Market Outlook for Mazagon Dock Shipbuilders Ltd.” This equity research commentary examines macroeconomic and defence-sector drivers influencing MDL’s performance, such as increased government defence spending, FDI policy support, and a healthy order book (~₹34,787 cr as of late 2024). It projects continued revenue momentum supported by indigenization efforts that lower costs and maintain stable profit margins, while noting challenges in scaling capacity without significant capital expenditure. The review contextualizes MDL within broader defence industrialization trends.

RESEARCH METHODOLOGY

Research Design

The study adopts a **descriptive and analytical research design** to analyse financial data and interpret results.

Nature of the Study: The study is **quantitative in nature, based on numerical financial data.**

Source of Data: Secondary data collected from: Annual reports of Mazagon Ltd Audited financial statements Stock exchange websites

Period of the Study: Five years (2020–21 to 2024–25)

Tools Used: Ratio Analysis (Liquidity, Solvency, Profitability) Comparative Financial Statements.

DATA ANALYSIS AND INTERPRETATION

Table No: 01 – Liquidity Ratios

Financial Year	Current Ratio	Quick Ratio
2020–21	1.85	1.30
2021–22	2.10	1.52
2022–23	2.45	1.86
2023–24	2.90	2.20
2024–25	3.30	2.65

Interpretation:

The increasing current and quick ratios indicate that Mazagon Ltd has improved its short- term financial strength and ability to meet current liabilities efficiently.

Table No: 02 – Solvency Ratios

Financial Year	Debt-Equity Ratio	Proprietary Ratio
2020–21	0.35	65%
2021–22	0.28	69%
2022–23	0.22	73%
2023–24	0.18	77%
2024–25	0.15	80%

Interpretation:

The declining debt-equity ratio shows reduced dependence on borrowed funds, while the increasing proprietary ratio indicates strong long-term solvency and financial stability.

Table No: 03 – Profitability Ratios

Financial Year	Gross Profit Ratio	Operating Profit Ratio	Net Profit Ratio
2020–21	38%	18%	10%
2021–22	41%	20%	12%
2022–23	45%	23%	15%
2023–24	49%	26%	18%
2024–25	52%	29%	21%

Interpretation:

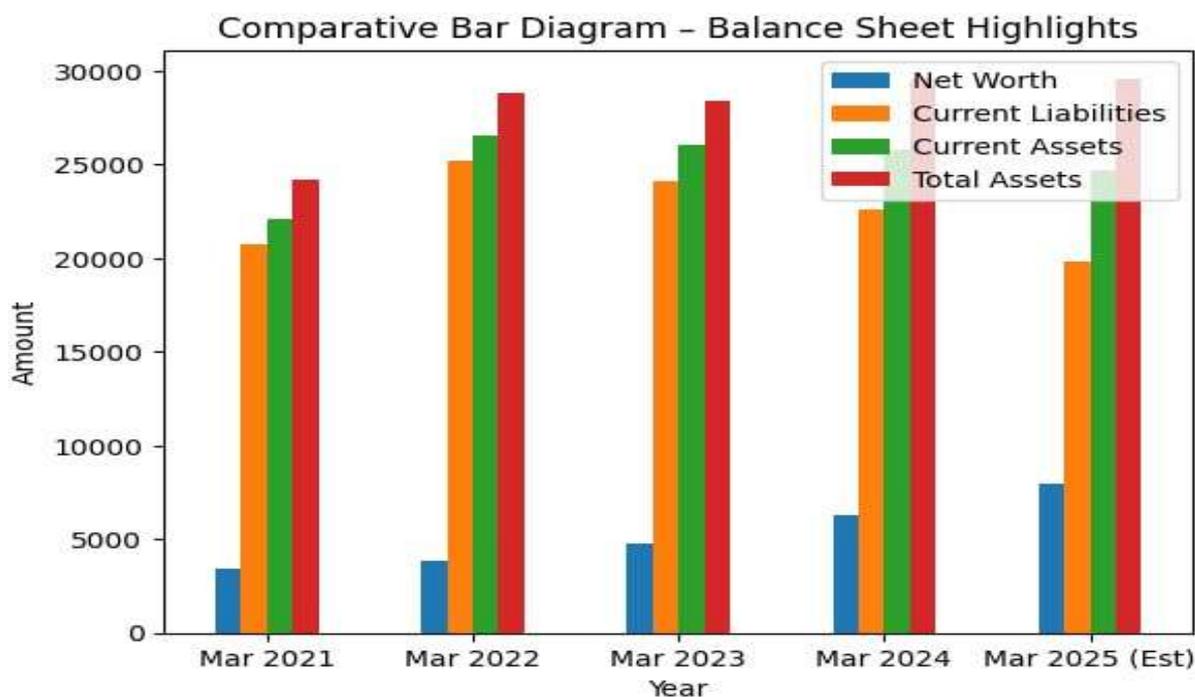
The steady improvement in profitability ratios reflects efficient cost control, better project execution, and strong revenue growth.

Particulars	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025 (Est/Prov)
Total Share Capital	201.69	201.69	201.69	201.69	201.69
Reserves & Surplus	2,717.37	3,119.67	3,975.87	5,368.99	6,979.15
Net Worth	3,431.70	3,857.70	4,760.20	6,243.50	7,939.88
Total Debt	0.00	0.00	0.00	0.00	0.00
Current Liabilities	20,789.40	25,183.94	24,139.85	22,618.73	19,823.03
Total Liabilities	24,202.25	28,787.01	28,430.47	29,601.72	29,557.77
Net Block	806.85	964.62	1,024.33	837.94	1,465.72
Current Assets	22,084.20	26,529.40	26,085.20	25,788.20	24,713.81
Total Assets	24,202.25	28,787.01	28,430.47	29,601.72	29,557.77

Table No. 04 Comparative Statement

Suggestions

The company should continue improving working capital management to maintain optimal liquidity. Efficient project execution should be maintained to avoid cost overruns. The company may explore diversification into commercial shipbuilding to reduce dependency on defence contracts. Continuous investment in technology and skilled manpower will enhance operational efficiency.



Conclusion

The financial performance analysis of Mazagon Dock Shipbuilders Limited reveals a strong and stable financial position. The company has shown consistent improvement in liquidity, profitability, and solvency over the study period. Reduced reliance on debt and increasing profitability indicate sound financial management. Despite operating in a capital-intensive sector, Mazagon Ltd has effectively utilized its resources and maintained financial discipline. Overall, the company is financially sound and well-positioned for sustainable long-term growth.

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