IPO REVIEW

Devson Catalyst IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 6 July 2026

- The company is engaged in manufacturing and marketing of catalysts, absorbents, and ceramic balls globally.
- Its products fall under import substitutes and fulfills “Make in India” move by GoI.
- Introduction of high value/high margin products has boosted their bottom lines.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park funds for medium to long term.

About the Company

Devson Catalyst Ltd. (DCL) is an ISO 9001:2015 and ISO 45001:2018 certified company and an indigenous manufacturer of catalysts, adsorbents and ceramic balls used as key materials in various industrial processes. The Company operates a manufacturing facility in Gujarat with an annual production capacity of approximately 6,205.00 metric tons. Its products are used to improve process efficiency and facilitate removal of impurities from gases and liquids across various industrial applications.

The Company primarily manufactures:

• Catalysts, which enable chemical reactions to occur faster and more efficiently without being consumed during the process.

• Adsorbents, which are used for removal of impurities such as moisture, dust and other undesirable components from gases and liquids.

• Ceramic balls, which act as support media in industrial reactors and towers, helping in catalyst bed support, uniform distribution of gas or liquid flow and protection of catalysts from pressure or flow variations.

DCL’s products are supplied to customers operating in industries such as oil and gas refineries, petrochemicals, steel, fertilizers and other industrial processing sectors. These products play an important role in enhancing process efficiency, improving operational reliability and supporting sustainable industrial practices. It caters to customers in both domestic and international markets.

(Source: As per D&B report on Industrial Catalyst and Adsorbent).

The facility has the machinery and infrastructure required for manufacturing activities, and the company follows standard operating procedures and internal quality checks to maintain consistency of output. Its total installed manufacturing capacity is 6,205.00 MT per annum. DCL serves customers

in both domestic and international markets. It has exported products to more than 15 countries, including United States of America, South Africa, Kuwait, Qatar, Turkey, UAE, Vietnam etc. Its domestic and export revenues as well as its product categories have marked inconsistency. Lion share of revenue comes from its manufacturing activities.

The company operates exclusively in the business-to-business (B2B) segment and supply products primarily to institutional and industrial customers. It does not sell products to individual consumers. Its B2B-focused business model enables it to plan production and manage supply chain operations in line with the requirements of industrial customers, including order scheduling, product specifications and delivery timelines. This approach also supports continuity in customer engagements and repeat business. As of March 31, 2026, the company served 155 customers (including 88 repeat customers). As of May 31, 2026, it had 56 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 3588000 equity shares of Rs. 10 each to mobilize Rs. 42.34 cr. at the upper cap. The company has announced the price band of Rs. 112 – Rs. 118 per share. The IPO consists of 3338000 fresh equity shares (worth Rs. 39.39 cr. at the upper cap), and an Offer for Sale (OFS) of 250000 equity shares (worth Rs. 2.95 cr. at the upper cap). The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on July 09, 2026 and will close on July 13, 2026. The shares will be listed on BSE SME. The IPO constitute 26.41% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh equity issue, the company will utilize Rs. 12.00 cr. for working capital, Rs. 17.40 cr. for capex on setting up of a new manufacturing unit, and the rest for general corporate purposes.

The company has reserved 64800 equity shares (worth Rs. 0.76 cr. at the upper cap) for its eligible employees, and from the rest, it has allocated 180000 equity shares (worth Rs. xx cr. at the upper cap), for the market maker, not more than 50% for QIBs, not less than 15% for HNIs, and not less than 35% for Retail investors.

The IPO is solely lead managed by JJ IPO Advisors Pvt. Ltd., and MUFG Intime India Pvt. Ltd. is the registrar to the issue. MNM Stock Broking Pvt. Ltd. is a market maker and also a syndicate member.

After issuing entire initial equity capital at par value, the company issued bonus shares in the ratio of 40 for 1 in December 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NIL, Rs. 0.14, Rs. 0.24 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 10.25 cr. will stand enhanced to Rs. 13.59 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 160.34 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 43.75 cr. / Rs. 4.08 cr. (FY24), Rs. 53.54 cr. / Rs. 7.67 cr. (FY25), Rs. 56.84 cr. / Rs. 12.52 cr. (FY26). While it posted growth in its top lines for the reported periods, the boosted bottom lines from FY25 onward raises eyebrows and concern over its sustainability going forward.

For the last three fiscals, the company has reported an average EPS of Rs. 9.27 and an average RoNW of 35.99%. The issue is priced at a P/BV of 3.61 based on its NAV of Rs. 32.68 per share as of March 31, 2026, and at a P/BV of 2.20 based on its post IPO NAV of Rs. 53.64 per share, at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 12.81, and based on FY25 earnings, the P/E stands at 20.88. The issue appears fully priced based on its recent super earnings.

The company has posted PAT Margins of 9.38% (FY24), 14.42% (FY25), 22.45% (FY26), and ROCE margins of 36.67%, 44.71%, 47.60%, respectively for referred periods.

According to the management, their margins have improved drastically with high value/high margin products introduction and with the planned expansion, they are gearing for better prospects ahead. Their products are import substitutes and falling under the “Make in India” move by the GoI. As the company has established its supply line with major refineries in India and Gulf countries, they are poised to reap benefits going forward. They are confident of maintaining around 50:50 ratio of their revenue from domestic and export earnings, once the dust settles down on geopolitical tension.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in November 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

This is the 1st mandate so far from JJ IPO Advisors in the ongoing fiscal, and has no previous track records.

Conclusion / Investment Strategy

DCL is engaged in manufacturing and marketing of catalysts, absorbents, and ceramic balls globally. Its products fall under import substitutes and fulfills “Make in India” move by GoI. Introduction of high value/high margin products has boosted their bottom lines. Based on its recent financial data, the issue appears fully priced. Well-informed/cash surplus investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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