

Jio IPO may pave way for RIL rerating: Experts

SUNDAR SETHURAMAN

Mumbai, 19 June

The filing of the draft red herring prospectus (DRHP) by Jio Platforms for its much-anticipated initial public offering (IPO) is a watershed moment for Indian capital markets, which could eventually trigger a rerating of parent Reliance Industries Ltd (RIL) stock, said equity market experts.

Jio Platforms on Friday filed its DRHP for an IPO comprising a fresh issue of 27 crore equity shares. Reliance Industries informed exchanges that the board of Jio Platforms had approved the filing of the draft offer document.

"The most important value-creation milestone this year, of course, is Jio's imminent IPO. I assure you that this will unlock great value for Reliance shareholders, and offer an attractive investment opportunity to others," said Mukesh D Ambani, chairman and managing director (CMD) of RIL, while announcing the move earlier.

Market experts believe the listing could mark a significant shift in how investors value both Jio and Reliance Industries.

"The Jio IPO has the potential to become a landmark event for India's capital markets," said Chokkalingam G, founder of Equinomics. "Over time, Jio could emerge as a standalone largecap digital and telecom franchise, and eventually find a place in benchmarks Sensex and Nifty," he further said.

Chokkalingam added that the issue assumes strategic significance as the proceeds are proposed to be largely used for repayment of borrowings of Reliance Jio Infocomm Ltd (RJIL). "Lower leverage would improve Jio's profitability and, at the consolidated level, enhance Reliance Industries' net margins by reducing inter-

Top 10 IPOs since April 1, '89 (by fresh capital)

Company	Opening date	Issue amount (₹ cr)
Reliance Power	Jan 15, 2008	10,123
NTPC Green Energy	Nov 19, 2024	10,000
DLF	Jun 11, 2007	9,188
Cairn India	Dec 11, 2006	5,789
Adani Wilmar	Jan 27, 2022	3,600
Adani Power	Jul 28, 2009	3,017
PNB Housing Finance	Oct 25, 2016	3,000
JSW Infra	Sep 25, 2023	2,800
Aegis Vopak Terminals	May 26, 2025	2,800
Oil India	Sep 7, 2009	2,777

Source: primedatabase.com

est costs. It would also restore borrowing capacity, allowing the group to fund future expansion opportunities," he said.

The listing could become another important step in unlocking value from Reliance's digital assets. "A separately listed Jio should facilitate better price discovery for the digital segment, and could lead to a rerating of Reliance Industries itself, as investors assign a higher valuation multiple to a business mix that becomes increasingly driven by technology, digital services, and artificial intelligence (AI), rather than traditional oil & gas operations," Chokkalingam said.

U R Bhat, cofounder of Alphaniti Fintech, said Reliance Industries has incubated and invested in this business for a long time, deploying significant capital and effort to bring it to its current scale.

"A listed Jio could establish an important valuation benchmark, and improve price discovery for the industry," said Bhat.

"If Jio succeeds in extending internet access to areas that still suffer from poor connectivity, it could represent a meaningful structural shift in India's digital infrastructure,

and the market may assign additional value to that opportunity," said Bhat, who expects the IPO to attract substantial investor interest and potentially bring incremental foreign capital into the country.

Ambareesh Baliga, an independent equity analyst, said investors have been waiting several years for the Jio listing, much like the long-awaited IPO of the National Stock Exchange (NSE).

"The filing of Jio's DRHP is a significant milestone for Indian capital markets. These are highly anticipated issues and should

attract strong investor interest. If enough value is left on the table for investors, and the IPO performs well post-listing, it could act as a catalyst for reviving momentum in the primary market," Baliga said.

While large offerings such as Jio would absorb a meaningful amount of market liquidity, Baliga said demand was unlikely to be a concern given the company's scale, brand strength, and the anticipation surrounding one of India's most closely watched IPOs.

Jio Platforms is an entirely fresh issue, and is likely to be both the largest IPO and the largest entirely fresh issue IPO.

