India's record US$108b Jio IPO tests market faith as Musk rivalry heats up

The coming launch of India's largest-ever initial public offering (IPO) will test investor confidence in the country's leading telecoms operator, Jio Platforms, the digital arm of billionaire Mukesh Ambani's Reliance Industries.

Jio's public share offer on Wednesday comes close on the heels of an escalating row between Ambani and Elon Musk. The SpaceX founder has accused the Indian industrialist of using monopolistic influence to block Starlink's entry into India – a charge Reliance has denied, saying it has never feared competition.

Ambani's US$3.2 billion Jio Platforms listing has already drawn strong interest from institutional investors, including Singapore's GIC, BlackRock and Fidelity, reportedly generating bids totalling nearly 30 times the quota reserved for anchor investors.

Targeting a valuation of over US$108 billion, the IPO comes at a sensitive juncture, as soaring oil prices caused by the Middle East conflict continue to weigh on global trading sentiment.

"It is a mega listing and there is tremendous interest in the IPO despite geopolitical concerns," said Pranav Haldea, managing director of market data firm Prime Database, referring to the Middle East conflict and the broader uncertainty it has wrought on financial markets.

Reliance Jio is India's leading telecoms provider, holding close to 80 per cent of the domestic market alongside competitor Bharti Airtel, according to data from the Telecom Regulatory Authority of India as of August this year.





A man passes a Reliance Industries Jio Digital Life store in Kolkata, India, in June. Photo: Reuters

The listing has drawn international attention not only because it is the largest in Indian history but also because it coincides with foreign investors pulling tens of billions of dollars out of India's stock market amid rising global interest rates, high energy costs and a shift towards artificial intelligence assets.

However, Haldea said secondary market capital flight was unlikely to derail Jio's debut. Foreign investors have continued to invest in India's primary market – where companies issue new shares – showing a sustained appetite for individual companies despite broader withdrawals.

Steady and substantial domestic inflows into secondary markets via mutual funds had largely cushioned the market against heavy outflows by foreign portfolio investors, further insulating Jio's share offer from adverse impacts, Haldea added.

Analysts say a successful IPO is likely to bolster Reliance Jio by increasing cash flow and allowing it to pay down debt, even though none of the capital raised is earmarked for expanding terrestrial telecoms services or launching satellites.

"Nine rupees in 10 will go to repaying debt. None of it is ring-fenced for satellites. The boost is real, but indirect," said Raj Kapoor, chairman of the India Blockchain Alliance.

Debt repayments could lower Jio's annual interest burden by 20 billion to 25 billion Indian rupees (US$211 million to US$264 million), Kapoor estimated. "That frees up cash flow, and a listed share gives Jio a currency it can use to raise capital again," he added.

Space ambitions and Starlink competition

Jio currently operates a massive nationwide mobile network and land-based high-speed broadband infrastructure. The operator upended India's telecoms landscape in 2016 by offering free voice calls and cheap data, rapidly expanding to become the country's largest mobile operator.

The company has set its sights on satellite connectivity, planning a constellation of 1,600 low earth orbit satellites supported by 23 ground stations. The technical architecture has already received

approval from India's space regulator, IN-SPACe.

Jio has not confirmed a launch date for the satellite constellation, but industry estimates suggest deployment could take two to three years. Reliance Jio has stated its intention to keep the entire value chain within India – from design and engineering to testing and launch.

"That is a strong sovereignty pitch, but it is also India's biggest constraint, because domestic launch capacity has never handled anything at this scale," Kapoor said, adding that Starlink already operates over 10,000 satellites.



A SpaceX rocket carrying Starlink satellites lifts off from Kennedy Space Centre, Florida, in May 2020. Photo: TNS

"Jio is entering a race in which the leader is roughly six times its planned size and years ahead in operating experience," he added.

Satellite-based internet is considered critical for reaching remote and mountainous regions where traditional terrestrial fibre and cellular infrastructure are impractical to deploy.

Investors see the IPO as a barometer of market demand for Jio's broader telecoms and digital services – spanning mobile services, broadband, cloud computing, entertainment and AI – alongside its future

offerings.

“The Jio IPO strengthens the balance sheet, settles a [firm] valuation and tests foreign [investor] conviction. Whether it wins the space race against Musk will be decided by launch schedules and [regulatory] licences, not subscription numbers,” Kapoor said.

He added that satellite connectivity poses little immediate threat to Jio’s core business in the near term.

“Sat[ellite] com[munications] is a last-mile tool, not a tool for disrupting the mass market. Jio’s real advantage is distribution: both Jio and Airtel are positioned to bundle satcom with terrestrial services,” Kapoor said.

“Starlink has no retail footprint or customer base in India. Jio has more than 500 million subscribers.”