Why should Companies go for Listing

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It is a major milestone for most privately owned companies for going public and offering shares in an initial public offering or a value on public offering.

Listing does reduce the overall cost of capital and gives the company a stronger foundation when negotiating interest rates with banks. This substantially reduces interest costs on existing debt the company might have.

The biggest advantage of listing is to raise money - a lot of money - and spread the risk of ownership among a large group of Shareholders.

Spreading the risk of ownership is especially important when a company grows, with the original shareholders wanting to cash in some of their profits while still retaining a percentage of the company.

In addition to the prestige a company gets when their stock is listed on a stock exchange, other advantages for the company include:

- Ability to raise financial resources through issuance of more stock.
- Offering of securities during mergers and acquisitions.
- Provide a platform for both entry and exit to a shareholder.
- Stock and stock options programs in the offer to potential employees, making the company attractive to top talent.
- It gives tremendous market exposure to a company's stock listed on an exchange. Further, it attracts the attention of mutual funds, market makers and institutional traders.
- Indirect advertising also takes place as listed companies have to periodically inform to the Stock Exchange of special Corporate Events which have occurred for that respective company
- Listing entails amicable Corporate Governance and Transparency for all the Stakeholders.
- Listed Company on a Stock Exchange increases the Brand equity and also affords the company increased credibility with the public.
- Funds raised through Stock Exchange can be used by the Company to fund R&D, fund capital expenditure or even used to pay off existing debt.

There are certain Challenges which each Company, in its own perception, perceives

- One of the most important changes is the need for added disclosure for investors.
- Public companies are regulated by the SEBI and Stock Exchanges in regard to periodic financial reporting, which may be difficult for newer public companies.
- More importantly, especially for smaller companies, is that the cost of complying with regulatory requirements can be very high.

Some of the additional costs include the generation of financial reporting documents, audit fees, investor relation departments, and accounting oversight committees.

As per my perception, considering both advantages and disadvantages, listing a Company is beneficial for the Company in terms of its credibility, transparency, accountability, visibility and an effective route to increase net worth and not debt.