



Advantages of Listing on Stock Exchange

We have seen a lot of companies listing on the stock exchange as they have got a lot of benefits by doing so.

Getting listed on the stock exchange stimulates liquidity thereby providing shareholders with an opportunity to realise the value of investments. Also, listed companies get more exposure than unlisted companies. This is because the companies which are listed on the stock exchange give investors a choice to buy/sell the securities at a given time.

Likewise, the companies which are likely to get listed on the stock exchange get bountiful benefits.

Before discussing the advantages of listing on the Stock Exchange, let's go with the term **Stock Exchange**.

Stock Exchange is a place where securities such as stocks, bonds, commodities are traded. The stock exchange is a platform where financial instrument participants such as buyers and sellers come together and perform transactions (i.e buying and selling of securities) during the business days.

In other words, the stock exchange is an organization or association where the stocks are traded. Therefore, if a company needs to trade in the stock market it should be listed on either of the exchanges i.e National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The exchange facilitates the issuance and redemption of financial instruments which makes it important for the investors.

What is a Listed Company?

A listed company is the one whose shares are publicly traded on the stock exchange. Such companies need to confirm the listing requirements of that exchange strictly. This consists of a minimum earning level and the number of shares listed.

Companies that are listed on a stock exchange take out an **SME IPO** or Initial Public Offering by which they sell shares to the public and in return they raise a whopping amount which in

turn helps them to grow business to a new level.

Here, the prices of the shares are based on the supply and demand of the share. The Bombay Stock Exchange or BSE India currently lists more than 600 companies.

Advantages of Listing A Company in the Stock Exchange

Companies that are listed on the stock exchange get enough exposure, capacity to uphold control etc. Aside from such benefits, there are lots of benefits associated with the listing in the stock exchange.

Below are the advantages of Listing a Company on the Stock Exchange

1. Boosted Profile

One of the primary benefits of listing companies on the major stock exchange is that the listed companies have a promising profile. Also, the listed companies are recognized and visible to the public quickly if we compare them to other companies.

After getting listed on the major stock exchanges, the company has started to attract new customers in the form of shareholders and clients.

2. Access to Capital Growth

Many companies which are doing well, reach a level where they need additional capital for further expansion or growth. In such conditions, going public is the best way to overcome such financial constraints.

Companies listed on the stock exchange can increase capital by releasing more shares for investor purposes.

In addition to this, the raise could be utilized for the company's growth and other needs.

3. Collateral Value of Securities

Lenders accept listed securities as collateral for credit facilities. In addition to this, a listed company is eligible to borrow capital from the highly-rated financial institutions because the companies are rated by the lenders of capital.

Also, by listing on the stock exchange, the companies can raise extra funds from the public by issuing their shares in the new issue market. Therefore, listing a company on the stock exchange is quietly beneficial for the investors.

4. Liquidity

Another advantage of listing your company on the stock exchange is that it provides your company with adequate liquidity by providing an opportunity for shareholders to realise their investment value. Also, it authorizes shareholders to negotiate in the shares of the company thereby sharing risks.

5. Capacity to Uphold Control

The companies listed on the stock exchange have nothing to do with venture capitalists. In return for acquiring shares for a confidently held company, venture capitalists have to regularly uphold the company's regulation.

Stock exchanges allow companies to maintain enough control and power as the people who get shares of a publicly traded corporation hold limited rights which can be easily accessible to the shareholders.

6. Better Visibility

Going a company public means it provides visibility among HNIs and institutional investors, investing agencies. Also, the company ensures total transparency whenever the time of conducting operations is done.

7. Higher Returns

Achieving higher ROI is the goal of any company. By listing a company in the stock exchange, the company expects the highest [stock market trading](#) returns which couldn't be possible by other methods. Therefore, it can be counted as one of the main advantages of stock listing.

8. Increased Accountability

Companies who are listed on the stock exchange maintain their transparency while dealing in the business and reporting. Transparently keeping all the things allows a company to enjoy success in a much better way. Hence such companies have better financial accountability.

9. Increased Exposure

Needless to say, companies listed on the top exchanges automatically come into the eye of top-notch investors and institutional investors. Such companies attract potential investors which in turn helps them to generate more capital which can be used for the company's growth or expansion.

10. Increase in Employee Morale

Listing on the stock exchange increases the visibility of the people which in turn improves the public perception of the organization, therefore, increases the employee value.

Takeaway

Listing on the stock exchange comes with bountiful benefits. A company that wants to expand its growth often seeks to go public. Launching an IPO helps them to raise capital to a greater extent which in turn improves the overall efficiency of the company which is important for a company's growth.

Other advantages include uplifting the reputation and prominence of the company.

Want to list your company on the stock exchange; go for [Swastika Investmart](#).

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