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Should a Company Go for Listing? If Yes, Then How?

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❖ Introduction

Every business begins with a vision to create value, grow sustainably, and build a lasting enterprise. As companies expand, one of the most significant strategic decisions they may face is whether to remain privately held or access the capital markets through a public listing.

1. What are private, public, unlisted, and listed companies?

A private company is owned by a limited number of shareholders and cannot invite the public to subscribe to its shares. It restricts the transfer of shares and generally has fewer legal and regulatory compliance requirements. Decision-making is faster because ownership is concentrated among a small group of promoters or investors. Private companies are commonly established for small and medium-sized businesses and startups.

A **public unlisted company** can raise capital from the public by issuing shares, but its shares are not listed or traded on a recognized stock exchange. Since the shares are not publicly traded, they have lower liquidity and are more difficult to buy or sell. These companies must comply with the provisions applicable to public companies under company law, although they are subject to fewer disclosure and listing requirements than listed companies.

A **listed company** is a company whose shares are held for trading on a recognized stock exchange after complying with the applicable legal and regulatory requirements. Once listed, the company's shares can be bought and sold by investors through the stock exchange, subject to the rules and regulations prescribed by the securities regulator and the stock exchange.

Listing enables a company to raise capital from the public, enhances its visibility and credibility, provides liquidity to shareholders, and strengthens corporate governance through increased transparency and regulatory compliance. It also improves the company's access to future funding opportunities through the capital market at competitive costs.

❖ Why Do Companies Go for Listing?

Companies opt for listing on a recognised stock exchange primarily to support their long-term growth objectives, strengthen their market position, and create value for stakeholders.

The decision is usually driven by a combination of strategic, financial, and operational considerations.

1. Raise Capital for Expansion

One of the most important reasons for listing is to raise capital from the public at large. Through an Initial Public Offering (IPO), a company can access a wide pool of investors, including retail investors, institutional investors, mutual funds, and foreign portfolio investors. This capital is typically used to fund business expansion, set up new manufacturing units, enter new markets, invest in research and development, repay existing debt, or strengthen working capital. Unlike loans, equity capital raised through listing does not require fixed repayment obligations, thereby improving financial flexibility.

2. Improve Brand Visibility and Credibility

Listing significantly enhances a company's visibility and reputation in the market. A listed company is subject to stringent regulatory requirements, continuous disclosures, and corporate governance norms prescribed by the Securities and Exchange Board of India (SEBI) and stock exchanges. This strong regulatory framework promotes transparency, accountability, and reliability, thereby strengthening investor confidence and helps to build trust among customers, suppliers, financial institutions, and business partners.

3. Provide Liquidity to Founders and Investors

Listing creates a regulated and transparent market for trading shares, allowing shareholders to buy and sell securities easily. This provides liquidity to promoters, founders, and early-stage investors, venture capital funds, private equity funds, investors and employees holding equity. Before listing, exit options are limited and depend on private negotiations. After listing, shareholders can monetise their investment in a

structured manner through the stock exchange, which enhances the attractiveness of investing in the company at an early stage.

4. Enable Acquisitions Using Shares

Listed companies gain the advantage of using their publicly traded shares as a form of currency for mergers and acquisitions. Instead of relying solely on cash reserves or debt, they can offer shares as consideration for acquiring other businesses. This approach helps preserve cash, facilitates larger strategic transactions, and supports expansion through inorganic growth. The market value of listed shares also provides a transparent basis for negotiating such deals.

5. Attract and Retain Talent Through ESOPs

Employee Stock Option Plans (ESOPs) are widely used by companies to attract, motivate, and retain skilled employees. Listing makes ESOPs more effective because employees can clearly understand the value of their stock options and eventually sell shares in the open market. This creates a strong sense of ownership and alignment between employees and the company's long-term performance. It also helps companies compete for talent, especially in industries where skilled professionals are in high demand.

❖ **Should Every Company Go for Listing?**

Not every company should go for a listing, even though it offers several advantages. Listing is a strategic decision that must align with a company's stage of growth, business model, financial strength, and long-term objectives.



1. Suitable for Listing

Listing is generally suitable for companies that are in a strong position to operate within a regulated and transparent environment.

- **High-Growth Companies:**

High-Growth Companies with strong and consistent growth potential are better positioned to benefit from listing, as public markets can provide the capital required to scale operations, expand geographically, or invest in new business opportunities.

- **Companies with strong governance:**

Firms that already follow robust governance practices, maintain proper financial reporting systems, and have an independent and professional management structure are better equipped to handle the responsibilities of being a listed entity.

- **Businesses requiring significant capital:**

Companies that need large-scale funding for expansion, infrastructure development, acquisitions, or long-term projects may find listing an effective way to access a wider investor base and diversified capital sources.

2. Not Suitable for Listing

At the same time, there are categories of businesses for which listing may not be an appropriate or desirable option.

- **Family-run businesses seeking full control:**

Companies that prefer concentrated ownership and complete decision-making control at the promoter level may find listing restrictive due to shareholder influence, board requirements, and regulatory scrutiny.

- **Companies with unstable or inconsistent profits:**

Businesses that do not have predictable earnings or a stable financial track record may face difficulties in attracting investor confidence and achieving fair valuation in the public markets.

- **Businesses unwilling to meet extensive disclosure requirements:**

Listing requires continuous transparency, periodic reporting, and disclosure of material events. Companies

that are not prepared to comply with these obligations may find the listed environment operationally challenging.

➤ Conclusion

Ultimately, listing is not an objective but a strategic milestone. It is best suited for companies that are ready to embrace growth through public capital while maintaining strong governance and transparency standards. For others, remaining private or unlisted may be a more practical and efficient path.

❖ Advantages of Listing

1. Access to Capital:

When a company gets listed on the stock exchange, it can raise money by offering shares to the public. This provides funds for business expansion, launching new products, buying new equipment, or entering new markets. Unlike loans, this money does not need to be repaid with interest.

2. Better Valuation:

A listed company has a market value that is determined by investors through its share price. Strong financial performance and business growth can increase this value, making the company more attractive to investors and business partners.

3. Improved Corporate Governance:

Listed companies must follow strict rules and regulations regarding financial reporting, transparency, and decision-making. This encourages ethical business practices and builds confidence among shareholders, customers, and the public.

4. Easier Fundraising in the Future:

After a company is listed on the stock exchange, it becomes much easier to raise additional funds because it already has access to the capital market. Investors are familiar with the company's financial performance, business model, and growth potential through regular public

disclosures. This increases their confidence and makes them more willing to invest.

❖ Challenges and Disadvantages of Listing

• **High Compliance Costs:**

Once a company is listed on the stock exchange, it must follow various legal, regulatory, and financial requirements. This includes audit fees, legal expenses, and stock exchange listing fees, which can be costly, especially for smaller companies.

• **Quarterly Reporting Obligations:**

Listed companies are required to publish their financial results every quarter. They must provide accurate and timely information about their revenue, profits, expenses, and business performance. Preparing these reports requires considerable time, effort, and resources.

• **Increased Regulatory Scrutiny:**

A listed company is closely monitored by stock exchanges and market regulators. It must follow strict rules regarding financial disclosures, corporate governance, insider trading, and investor protection. Failure to comply can result in penalties, fines, or damage to the company's reputation.

• **Pressure from Public Shareholders:**

After listing, the company becomes accountable to thousands of shareholders. Investors expect consistent profits, business growth, and higher share prices. Management often faces pressure to deliver strong quarterly results while also planning for long-term success.

➤ Conclusion

Listing a company offers many opportunities for growth and investment, but it also brings new responsibilities and challenges. Companies must manage higher compliance costs, meet strict reporting requirements, satisfy shareholders, and follow regulatory standards. A successful listed company is one that balances these challenges while maintaining transparency, strong governance, and sustainable long-term growth.

❖ How Does a Company Get Listed?

1. Convert to a Public Limited Company-

The first step towards listing is ensuring that the company is eligible to issue shares to the public. Under the Companies Act, 2013, only a public limited company is permitted to invite the public to subscribe to its shares.

Therefore, if the business is presently operating as a private limited company, it must first convert into a public limited company.

2. Appoint Merchant Bankers and Other Intermediaries-

After deciding to launch an IPO, the company appoints several professional intermediaries who assist in managing the complex listing process. The most important among them is the Merchant Banker, also known as the Lead Manager to the issue, who is registered with SEBI.

The merchant banker acts as the overall coordinator of the IPO and advises the company on every stage of the issue, including issue structure, pricing, documentation, regulatory compliance, and investor communication.

Besides the merchant banker, the company appoints Chartered Accountants to audit and certify financial statements, a Chief Financial Officer, Company Secretaries to ensure legal compliance, Registrars to the Issue to process applications and allot shares, Bankers to the Issue to collect application money, Advertising Agencies for promotional campaigns, and sometimes Underwriters to guarantee subscription.

3. Conduct Due Diligence-

The objective of due diligence is to verify that all information disclosed in the offer document is accurate, complete, and not misleading.

Financial due diligence involves reviewing the company's audited financial statements, accounting policies, assets, liabilities, revenues, expenses, cash flows, taxation records, and internal financial controls.

Legal due diligence focuses on examining contracts, licenses, government approvals, intellectual property rights, pending litigation,

and regulatory compliance. Business due diligence evaluates the company's business model, competitive position, operational efficiency, customer base, supplier relationships, and future growth prospects.

By conducting comprehensive due diligence, the company and its advisors identify potential risks, correct deficiencies, and provide investors with reliable information, thereby increasing investor confidence and reducing legal liabilities.

4. Preparation of the Offer Document-

Following due diligence, the company prepares the Offer Document, which is the principal document used to inform prospective investors about the company and the proposed IPO

Initially, a Draft Red Herring Prospectus (DRHP) is prepared and submitted to SEBI for review. The DRHP contains extensive information about the company's history, business operations, management team, promoters, financial performance, industry overview, risk factors, litigation, capital structure, dividend policy, and the objectives for which the IPO funds are being raised

After SEBI reviews the draft and suggests necessary modifications, the company files the Red Herring Prospectus (RHP), which includes most of the final details before the issue opens.

The offer document serves as the primary source of information for investors and enables them to assess the company's strengths, weaknesses, risks, and future prospects before making an investment decision

5. Obtain Regulatory Approvals-

Before the IPO can be launched, the company must obtain approvals from various regulatory authorities. The most important approval comes from the Securities and Exchange Board of India (SEBI), which carefully reviews the Draft Red Herring Prospectus to ensure that the company

has made full and fair disclosures and has complied with all applicable regulations.

Simultaneously, the company applies to stock exchanges such as NSE and BSE for in-principle listing approval, which confirms that the company satisfies the listing eligibility requirements.

6. Pay Fees to SEBI-



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7. Market the IPO-

Once the regulatory approvals have been obtained, the company undertakes an extensive marketing campaign to generate investor interest in the IPO.

Advertisements are published through newspapers, television, financial websites, and digital media to create awareness about the public issue. Effective marketing helps build investor confidence, generates demand for the shares, and contributes significantly to the success of the IPO.

Advertisements, media campaigns, investor presentations, and digital promotions are also conducted to increase public awareness and encourage participation in the IPO. Effective marketing helps build investor confidence and improves the chances of a successful subscription.

8. Price Discovery and Allotment-

Determining the price at which shares will be offered to the public is one of the most important aspects of the IPO process. Companies may adopt either the Fixed Price Method or the Book Building Method.

Under the fixed price method, the company determines the issue price in advance, and all investors subscribe at that predetermined price.

Under the book-building process, which is widely used in India, the company specifies a price band within which investors submit bids. Based on the demand received from different categories of investors, the final issue price, known as the cut-off price, is determined. After the issue closes, applications are scrutinized, and shares are allotted according to SEBI's prescribed allocation norms.

If the issue is oversubscribed, shares are distributed proportionately or through a lottery system in the retail category. Shares are then credited to successful applicants' demat accounts, while unsuccessful applicants receive refunds or release of blocked funds under the ASBA mechanism.

9. Listing on the Stock Exchange

The final stage of the IPO process is the official listing of the company's shares on a recognised stock exchange. On the listing date, the company's shares become available for trading in the secondary market, allowing investors to buy and sell shares freely.

The opening market price is determined by the forces of demand and supply. If investor demand is strong, the shares may list at a premium over the issue price; conversely, weak demand may result in listing at a discount.

Listing provides several long-term benefits to a company. It enables easier access to capital through future offerings, enhances the

company's credibility and visibility in the market, and provides liquidity to existing

shareholders, establishes a transparent market valuation, and increases investor confidence.

❖ Role of Professionals

1. Chartered Accountants -

They audit the financial statements, prepare restated financial statements as required under SEBI regulations, certify financial disclosures included in the prospectus, and verify compliance with applicable accounting standards such as the Indian Accounting Standards (Ind AS). In addition, **the audit firm must hold a valid Peer Review Certificate issued by ICAI** before it can undertake the statutory audit of a listed entity.

2. Merchant Bankers -

Merchant Bankers act as the lead managers of the IPO and coordinate the entire listing process from start to finish. They advise the company on the feasibility of a public issue, determine the size and structure of the issue, coordinate due diligence, prepare the Draft Red Herring Prospectus and ensure compliance with all regulatory requirements.

3. Company Secretaries -

Company Secretaries ensure that the company complies with all corporate and securities laws throughout the IPO process. They organise board and shareholders' meetings, draft resolutions, maintain statutory records, verify compliance with the Companies Act, SEBI regulations, and stock exchange requirements, and assist in preparing the offer document.

4. Legal Advisors -

Legal Advisors conduct comprehensive legal due diligence by reviewing contracts, property documents, licenses, government approvals, intellectual property rights, employment agreements, and pending litigation. They identify legal risks that could affect investors, draft legal opinions, assist in preparing disclosures relating to litigation and legal matters, and ensure that the company complies with all applicable laws.

5. Registrars to the Issue -

Registrars to the Issue are responsible for managing the operational aspects of the IPO. They receive and verify IPO applications, process investor data, coordinate with depositories, determine the basis of allotment in consultation with stock exchanges, credit shares to investors' demat accounts, process refunds or release blocked funds, maintain records of shareholders, and resolve investor grievances relating to allotment.

❖ Case Studies

Infosys IPO (1993): A Landmark Case Study in India's Capital Market -

Infosys Limited, founded in 1981 by N. R. Narayana Murthy and six other engineers, was a young software company with a vision to make India a global leader in information technology. To fund its expansion, strengthen its infrastructure, and establish an international presence, the company decided to raise capital through an Initial Public Offering (IPO). In February 1993, Infosys launched its IPO at an issue price of **₹95 per share**, aiming to raise approximately **₹13 crore**.

At the time, the Indian IT industry was still developing, and many investors were unfamiliar with software businesses. As a result, the IPO did not receive the expected response and was initially undersubscribed. However, the underwriters fulfilled their commitment by subscribing to the remaining shares, enabling the IPO to be successfully completed. Despite the slow initial response, Infosys remained focused on its long-term growth strategy.

After listing, the company used the funds to expand its operations, open international offices, invest in technology, and recruit skilled professionals. Infosys also became known for its high standards of corporate governance, transparent financial reporting, and ethical business practices, which significantly enhanced investor confidence. In 1999, it became the first Indian company to be listed on NASDAQ, further strengthening its global reputation.

The Infosys IPO is considered one of India's greatest wealth creation stories. Investors who purchased shares during the IPO and held them for the long term benefited from significant appreciation in share value, along with bonus issues, stock splits, and regular dividends. The case demonstrates that while an IPO may not

always receive an overwhelming initial response, a company with strong fundamentals, ethical management, and a clear long-term vision can create exceptional value for both its shareholders and the economy.

Key Lesson - The success of an IPO is not determined by its initial subscription alone. Sustainable business growth, sound corporate governance, and efficient utilisation of the funds raised are the true drivers of long-term shareholder wealth.

Reliance Power IPO (2008) – When IPO Success Did Not Translate into Business Success

Reliance Power Limited, a part of the Reliance Anil Dhirubhai Ambani Group (ADAG), launched its Initial Public Offering (IPO) in January 2008 with the objective of raising funds for the development of several large power generation projects across India. At that time, the company had ambitious expansion plans, and investors expected it to become one of India's largest private power producers. The strong brand value of the Reliance Group, combined with optimistic market sentiment, generated tremendous excitement among investors.

The IPO was priced between ₹405 and ₹450 per share and raised approximately ₹11,700 crore, making it one of the largest IPOs in India at that time. The issue received an overwhelming response and was subscribed to over 70 times, with strong participation from retail investors, institutional investors, and high-net-worth individuals. Many investors expected substantial listing gains because of the high demand and market hype surrounding the issue.

However, the expectations were not fulfilled after the listing. Soon after the IPO, the global financial crisis of 2008 affected stock markets worldwide. In addition, many of Reliance Power's proposed projects faced delays due to land acquisition issues, environmental approvals, fuel supply constraints, and rising project costs. Since most of the projects were still under development, the company generated limited revenue while its expenses continued to increase. As a result, the share price declined significantly from its issue price, causing substantial losses to many investors who had invested during the IPO.

The Reliance Power IPO is considered one of India's most important investment lessons. Although the IPO attracted enormous

subscriptions and raised significant capital, the company was unable to deliver the expected business growth and shareholder returns in the years that followed. The case clearly demonstrates that **high subscription levels and market enthusiasm do not guarantee long-term success**. Investors should evaluate a company's business fundamentals, project execution capability, valuation, financial strength, and future growth prospects rather than relying solely on IPO popularity or brand reputation.

Key Lesson: An oversubscribed IPO is not always a good investment. Long-term returns depend on the company's ability to execute its business plans, generate profits, and create sustainable value for shareholders.



Compliance Calendar for the month of July 2026

S.N.	Due Date	Compliance
1	07-07-2026	Deposit of TDS deducted in June 2026
2	07-07-2026	Deposit of TCS collected in June 2026
3	07-07-2026	Payment of Equalization Levy for June 2026
4	07-07-2026	Filing of ECB-2 Return for June 2026 (only if any transaction occurs)
5	11-07-2026	Filing of GSTR-1 (June 2026)
6	13-07-2026	Invoice Furnishing Facility (IFF) - June 2026
7	13-07-2026	Filing of GSTR-6 (June 2026)
8	15-07-2026	Payment of Employees' State Insurance (ESI) contribution for June 2026
9	15-07-2026	Payment of Advance Tax (15% of total tax liability)
10	15-07-2026	Payment of Provident Fund (PF) contribution for June 2026
11	15-07-2026	Payment of Professional Tax (PTRC)
12	15-07-2026	Filing of Professional Tax monthly Return (PTRC)
13	20-07-2026	Filing of GSTR-3B (June 2026)
14	20-07-2026	Filing of GSTR-5A (June 2026)
15	22-07-2026	GSTR-3B (QRMP - June 2026)
16	24-07-2026	GSTR-3B (QRMP - June 2026)
17	25-07-2026	Monthly tax payment under QRMP (PMT-06)
18	31-07-2026	Quarter 1 TDS Return

💧 Blood Donation Camp 💧

We recently organized a Blood Donation Camp at our office, bringing blood donors together for a meaningful initiative dedicated to saving lives and supporting the community. The camp witnessed enthusiastic participation, with blood donors stepping forward to donate blood and contribute to a noble cause.

The event fostered a strong sense of compassion, social responsibility, and unity among our team. Beyond the act of donation, it reflected our commitment to employee well-being, community service, and creating a workplace culture that encourages kindness, empathy, and making a positive impact on society.



