

Report Type

End of Award Report

Full Name

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Faculty/Department

Cambridge Judge Business School

Project Title

Initial Public Debt Offerings

Project Abstract

We analyze a sample of private firms that choose to go public through an initial public debt offering (IPDO) as an alternative to going public through equity (IPO). These IPDO firms are more likely to be sponsor backed, significantly larger, and less likely to face information asymmetry than traditional IPO firms. When these debt-first firms eventually go public, they face lower underpricing than firms without public debt at IPO. Overall, our results are consistent with the hypotheses that ownership structure and the relative informativeness of reported financial statements in debt versus equity markets drive the decision of where to go public.

Activities and Achievement

We analyze an alternative type of financing for public firms, one that has been very briefly documented in finance literature. The study discusses in detail what the costs and benefits of this approach are and why prior research has ignored this type of financing,

Dissemination

The paper is currently under submission at the Critical Finance Review.

Outputs

Why do firms go public through debt instead of equity?

Abstract: See above

Web link: See below

Presented at the 2013 European Finance Association meetings, the 2013 ISB Summer Research Conference in Finance, the 2012 TAPMI Conference on Finance and Economics, Cass Business School, Imperial College, the University of Glasgow, and the University of Oxford

Major Difficulties and Any Other Issues

None

Web Links

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2024375

Additional Information

Declaration

This award has not yet produced any relevant outputs, but details of any future publications will be submitted to the CERF database as soon as they become available.

Signature - Main Award Holder