




CERF Mid-Term Award Form

1. Personal Details

Name and Address Please include, name address, position and contact email	Raghavendra Rau Cambridge Judge Business School University of Cambridge
Signature (to confirm submission of this form)	
Date	28 July 2014

2. Research Update

Research Title and Abstract Please tell us your CERF Funded Research Title and Abstract	Initial Public Debt Offerings We analyze a sample of firms that choose to tap the public debt markets before the public equity markets. These “debt first” firms, which have typically never been analyzed in the prior literature, are more likely to be sponsor backed, are significantly larger on average and less likely to have information asymmetry problems than traditional “equity-first” firms in the same industry and year. Their debt issues are more expensive and face more restrictive covenants than debt issues by publicly listed firms that tap the
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	<p>debt market for the first time. However, when the debt-first firms eventually go public, they face lower underpricing than firms without public debt that undertake an initial public offering in the same industry. Our results document the importance of ownership structure in addition to traditional capital structure theories in the initial capital structure decisions of firms.</p>
<p>Milestones to date</p> <p>Please tell us if there are any significant developments in your research (publication of a paper, seminar or conference presentations, creation of or participation in working groups etc., Please itemise each impact.</p>	<p>We were hoping to have the final draft of this paper ready to go by mid-April and were hoping to submit it by the end of April to one of the top 3 journals in finance. The paper has been presented in a number of schools and has won the best paper award at the TAPMI International Conference on Banking and Finance in Bangalore.</p> <p>However, in writing up the paper to be ready for publication, we realized we needed a lot more data than originally envisaged. The problem is that these firms are all private firms (they have tapped the debt markets before they tap the equity markets). In addition, their comparison sample are public firms that have tapped the equity markets first – but we need data before they go public. So the amount of data that has to be hand-collected has proved larger and more time-consuming than before.</p>



3. Weblinks to your work

We would like to provide CERF Managers with links to the research output of CERF Funded Projects. Please can you indicate (where possible) links to your outputs, (aside from publications please also include seminars and other academic activities). Please note these links will be used on the CERF website.

The paper has been presented at TAPMI Conference on Finance and Economics, Cass Business School, Imperial College, the University of Glasgow, and the University of Oxford.

4. Additional information

Is there any other information you would like to share with us about your work to date?

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Please return completed form to The Administrator, admin@cerf.cam.ac.uk