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RESEARCH FIELDS

Corporate Finance, Mergers & Acquisitions, Mechanism Design, Contract Theory,
Financial History, Economics of Innovation

DOCTORAL STUDIES

Ph.D., Finance, Kellogg School of Management, Northwestern University, Evanston, Illinois
Dissertation: Auctions or Negotiations? A Theory of How Firms are Sold
Committee Chairperson: Professor Michael Fishman
Date of Completion: June 2018 (expected)

JOB MARKET PAPER

“Auctions or Negotiations? A Theory of How Firms are Sold”

Abstract: An owner of a firm is selling the firm. Potential buyers do not know how many other potential buyers there are. Will the seller choose to sell the firm through bilateral negotiations or through an auction? In equilibrium, if the seller observes the number of buyers before choosing the mechanism, the choice can signal information and lower expected revenue. Broadly speaking, the seller chooses an auction if the expected number of buyers is high and negotiations otherwise. Empirical implications of the theory are (i) The revenue is higher if buyer valuations are less volatile; (ii) More risk-averse sellers choose auctions more often; (iii) If the seller risk-aversion is above (below) a threshold value, the average transaction price in auctions is greater (less) than that in negotiations. Committing to a mechanism before seeing the number of buyers increases the seller's revenue.

PREDOCTORAL STUDIES

M.S.: Finance, Northwestern University, Evanston, Illinois, 2015
MBA: Finance, Indian Institute of Management, Lucknow, India, 2004
B.Tech.: Electrical Engineering, Indian Institute of Technology, Madras, India, 2001

FELLOWSHIPS AND AWARDS

Northwestern University Travel Grant, 2017
Graduate Fellowship, Northwestern University, 2013 - present
Academic Associate of the Year Award, Indian School of Business, 2011
Among 20 shortlisted for the Aditya Birla Scholarship, IIM Lucknow, 2003
National Talent Search Scholarship, Government of India, 1994
District and State Merit Scholarships, 1994

ACADEMIC ACHIEVEMENTS

Among the top 10% of the class after first year, Indian Institute of Technology, Madras, 1998

Among the top 1% of all candidates nationwide in the Joint Entrance Exam for admission to the Indian Institutes of Technology, 1997

Among the top 1% of all candidates nationwide in Physics in the Indian Association of Physics Teachers Exam, 1996

TEACHING EXPERIENCE

Teaching Assistant at Kellogg School of Management, 2014 – 2017, for the following courses:

Finance I, MBA Core, Fall 2014 – 2016, Winter 2015, 2017

Finance II: Corporate Finance, MBA Elective, Spring 2015

Accelerated Corporate Finance, MBA Elective, Fall 2015, 2017

Managerial Finance II, Executive MBA Core, Fall 2015, 2016

Applied Real Estate Finance and Investments, MBA Elective, Spring 2016, 2017

Teaching Assistant at Indian School of Business, 2010- 2011, for the following courses:

Corporate Control, Mergers and Acquisitions

Investment Analysis

Fixed Income Securities

Security Markets and Trading

RESEARCH EXPERIENCE

Research Assistant to the following Professors:

Konstantin Milbradt, Northwestern University, 2017

Michael Fishman, Northwestern University, 2016

Krishnamurthy Subramanian, Indian School of Business, 2011-2013

WORKING PAPERS

“Optimal M&A Advisory Contracts”

Abstract: Consider a scenario where a firm is in negotiations with a potential buyer. Both the buyer and the seller are uninformed about the value of synergies, but they can hire an M&A Advisor. Suppose, though, that the seller and buyer face a moral hazard problem. If the advisor's effort is not observable, he has the option of not exerting effort and reporting any of the possible values. Should the seller and buyer hire an advisor and what is the optimal contract that they should sign with him? We find that the probabilities with which the buyer and seller hire their advisors and the optimal contracts are determined simultaneously in equilibrium. Both contracts depend on two variables- whether the transaction succeeds or not and, if it does, the value of the transaction. The seller's optimal contract with his advisor is unique, but the buyer's optimal contract can take a variety of forms. The compensation of the seller's advisor is monotonically increasing in the transaction value. Neither advisor is paid if the transaction fails. In equilibrium, both advisors exert effort, report truthfully and do not extract any information rents. However, the first best is not obtained because the transaction can fail even though it is socially optimal.

“Product Market Relatedness, Antitrust and Merger Decisions”, with Kirti Sinha

Abstract: We study how merger decisions between public firms in the US are affected by the similarity between the product markets of the acquirer and the potential target. The relation between the likelihood of the merger and the product market similarity is non-monotonic, in the shape of an inverted U. We offer two reasons for this finding. First, when the product markets are very similar, there is a high chance that antitrust investigations will block the merger. We find that this effect is stronger in markets that are more concentrated and in years where antitrust

regulatory intensity is high. Second, the synergies from the merger are less if the product markets are very related. Hence, firms are more likely to acquire targets with which they have a medium rather than a high level of product market similarity.

“The Transition to Locked-In Capital in the First Corporations: Venture Capital Financing in Early Modern Europe”

Abstract: Capital lock-in is the legal feature of a modern corporation which prevents the equity investors from forcing the firm to return their capital. Why did it emerge for the first time in the Dutch East India Company before it did in England? To answer this question, I develop a model in which equity investors choose the duration for which their capital is pledged to the firm. The duration depends on three factors, namely the incentive of the managers to divert capital from the firm, the uncertainty about the productivity of the technology used by the firm and the probability of expropriation of capital by the state. I argue that capital lock-in was first adopted in the Dutch East India Company because there was less uncertainty regarding the productivity of intercontinental trade in the Netherlands compared to England. I show that the uncertainty about innovative technologies affects the adoption of capital lock-in even today, for example in the venture capital and private equity industries.

“Valuation of Private, Innovative Targets”, with Chandra Sekhar Mangipudi and Krishnamurthy V. Subramanian

Abstract: Despite the growing importance of acquisitions of private targets by incumbent technology firms and the need to value the intangible assets acquired in these business combinations, studies on the valuation of such assets are scarce. We use Cisco’s acquisitions from 1993-2012 to explore how to value the intangible assets of private, innovative targets. We use Cisco’s acquisitions because it is a large, dominant technology firm that grew primarily through acquisitions. Apart from unobserved demand and supply factors, we control for the acquirer’s and target’s over- or under-valuation and deal synergies. We estimate that targets receive \$81 million (\$144 million) for every patent filed (granted) at the time of acquisition. Novel innovations are more valued: each citation to the target’s patents increases value by \$6.1 million. Targets receive \$2.22 million per employee. However, estimates obtained using publicly listed innovative firms do not provide reliable proxies to value intangible assets of private targets.

WORK IN PROGRESS

“Innovation and Competition in the Presence of Ambiguity-Averse Financiers”

CONFERENCE PRESENTATIONS

The Trans-Atlantic Doctoral Conference, London Business School, May 2017

PROFESSIONAL EXPERIENCE

Indian School of Business, 2010 - 2013

Academic Associate, Research Associate

Worked as a research assistant and teaching assistant in Finance

Wipro Technologies, 2004 - 2008

Business Analyst

Worked on consulting in the Insurance sector in the UK, Ireland and India

PERSONAL INFORMATION

Citizenship: India

REFERENCES

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