
Sriniwas Mahapatro

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RESEARCH INTERESTS:

Banking regulation, Auditing, Credit rating, Debt contracting, Related Party Transactions, Disclosures

EDUCATION & CERTIFICATIONS

- Doctoral Program (Accounting) at Indian School of Business, India (2019 – 2024 (expected))
- M.B.A., Xavier Institute of Management, Bhubaneswar, India (2007 – 2009)
- B.Tech (Electrical Engineering), National Institute of Technology, Rourkela, India (2002 – 2006)
- FRM (Financial Risk Manager) certified (2015)

RESEARCH

Published / Revise and Resubmit

- Indirect Evergreening using Related Parties: Evidence from India (2021), *published at Journal of Financial and Quantitative Analysis* (with Nishant Kashyap, and Prasanna Tantri)
- Types of Component Auditors and Shareholder Ratification of the Auditor, *revise & resubmit at Journal of Business, Finance, and Accounting* (with Bullippe R. Chintha)
- Preventing Borrower Runs: The Prompt Corrective Action Approach, *revise & resubmit at Journal of Financial and Quantitative Analysis* (with Nishant Kashyap, and Prasanna Tantri)

Other working papers

- Impact of Stringent Regulation on Ratings Market: Evidence from Death of a Rating Agency (Job Market Paper)
- Shared Auditors in Banking Relationships and Loan Evergreening Practices (with Shyam V. Sunder)
- What Information does the Public Disclosure of Quantities Sold by Firms Provide ? (with Prateek Manikpuri, Shivaram Rajgopal, & Prasanna Tantri)

Work in progress

- Implications of Banking Regulations on Market Monitoring (with Karthik Balakrishnan and Swaminathan Sridharan)
- Joint Audits and Financial Reporting Quality of Bank (solo authored)

TEACHING EXPERIENCE

Teaching Assistantship (TA)

- TA for Prof. Karthik Balakrishnan (Rice University): Financial Accounting (2023)
- TA for Prof. Swaminathan Sridharan (Northwestern University): Financial Accounting (2023)
- TA for Prof. Partha Mohanram (University of Toronto): Financial Accounting (2022)
- TA for Prof. Hariom Manchiraju (Indian School of Business): Financial Accounting (2022)

Teaching experience/

- Course on 'Financial Statement Analysis (FSA)' for undergraduate interns at Centre for Analytical Finance (CAF) at ISB in July 2022 (Avg score 4.31/5.00, Avg class size: 15)
- Tutorial on 'Financial Accounting & Decision Making (FADM)' for MBA students at ISB in May 2022. (Avg score 6.24/7.00, Avg class size: 72)
- Instructor for Chartered Financial Analyst (CFA) and Financial Risk Management (FRM) exams training at EduPristine, Pune, India in 2014-2018. (Avg score: 4.81/5.00, Avg class size: 10)

PROFESSIONAL EXPERIENCE

Ten years of industry experience in the Banking and Financial services industry with diverse roles in areas of financial statement analysis, corporate banking, risk management, and regulatory reporting (Societe Generale, HSBC, CRISIL – subsidiary of S&P ratings, and Credit Suisse).

MEDIA MENTION

- Newspaper article in 'Live Mint' (Feb 17, 2021) – Title: [An evergreening exercise that has gone unnoticed for long](#)
- Contribution in [Economic Survey of India, 2021](#) published by Ministry of Finance, Government of India (Section 7.35, Vol-I).
- Newspaper article in 'Economic Times' (Jul 8, 2022) – Title: [Why bank mergers are good for reducing NPAs](#)
- Article in Annual Publication of Insolvency and Bankruptcy Board of India (Oct, 2022) – [IBC: Idea, Impressions and Implementation](#) (Part III Chapter 27)

DOCTORAL COURSEWORK

- Empirical Research in Accounting A - Prof. Anup Srivastava (University of Calgary)
- Theoretical accounting - Prof. Swaminathan Sridharan (Northwestern university)
- Empirical Research in Accounting B - Prof. Hariom Manchiraju (Indian School of Business)
- Research in Auditing - Prof. Kanan Raghunandan (Florida International University)
- Data Analysis Techniques in Accounting Research– Prof. Mani Sethuraman (Cornell University)
- Survey of Research in Financial Reporting – Prof. K.R. Subramanyam (University of Southern California)
- Empirical Asset Pricing - Prof. Vikas Agarwal (Georgia State University)
- Empirical Corporate Finance - Dr. Nirupama Kulkarni (Director, CAFRAL, Reserve Bank of India)

CONFERENCES

Presenter (Self)

JAAF Symposium, IIM Bangalore (Jan 2021); Global Finance Association (May 2021); Global Finance Conclave, Noida (Nov 2021); Southern Finance Association, Florida (Nov 2021); New Zealand Finance Meeting, Auckland (Dec 2021); Annual conference on Microeconomics and Finance conference, IGIDR, Mumbai (Dec 2021); International research conference on insolvency and bankruptcy, IIM Ahmedabad (Apr 2022); European Accounting Association (EAA) 44th Annual congress, Bergen (May 2022); Vietnam Symposium on Banking & Finance (Oct 2022); India Finance Conference, IIM Calcutta (Dec 2022); JAAF Symposium, ISB Hyderabad (Jan 2023); Financial Markets and Corporate Governance conference, Melbourne (Apr 2023); American Accounting Association (AAA) 16th Annual meeting, Denver (Aug 2023)

Presenter (Co-Author)

Midwest Finance Association, Chicago (Mar 2022); Centre for Advanced Financial Research and Learning (CAFRAL) webinar (Sep 2021); India Finance Conference, IIM Bangalore (Dec 2021); CAFRAL annual conference (Dec 2022); ISB Accounting Research conference (Dec 2022); European Accounting Association (EAA) 45th Annual congress, Helsinki (May 2023)

Discussant

Global Finance Association (May 2021); New Zealand Finance Meeting, Auckland (Dec 2021); Vietnam Symposium on Banking & Finance (Oct 2022); JAAF Symposium, ISB Hyderabad (Jan 2023); Financial Markets and Corporate Governance conference, Melbourne (Apr 2023)

Doctoral symposium

MIT Asia Conference in Accounting & Doctoral Consortium, Singapore (Jul 2023)

REFERENCES

Prof. Sanjay Kallapur (*chair*)

Professor of Accounting.
Editor-in-Chief of Accounting Theory & Practice.
Independent Director at IDBI Bank.
Indian School of Business
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Prof. Karthik Balakrishnan (*committee member*)

Professor of Accounting.
Faculty Lead of Undergraduate Business Programs
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Prof. Hariom Manchiraju (*committee member*)

Associate Professor of Accounting
Indian School of Business
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Prof. Shivaram Rajgopal

Roy Bernard Kester and T.W. Byrnes Professor of
Accounting and Auditing;
Accounting Division Chair
Columbia University
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Prof. Shyam V. Sunder

Lou Myers Professor of Accounting
Director, Dhaliwal-Reidy School of Accountancy
The University of Arizona
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Prof. Prasanna Tantri

Associate Professor of Finance.
Executive Director at Centre for Analytical Finance
Indian School of Business
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ABSTRACT – SELECTED PAPERS

1. *“Impact of stringent regulation on Ratings Market: Evidence from Death of a Rating Agency”*(Job market paper)
Abstract: Do strict regulatory sanctions in the rating market, such as banning a rating agency, discipline rating agencies (disciplining hypothesis)? Or does the suspension of an agency lead to unintended consequences of pessimistic ratings (risk-averse behavior hypothesis)? Exploiting a rare instance of regulator-sanctioned forced exit of a rating agency in the credit ratings market in India, I examine the impact on rating standards of other agencies. Using a difference-in-differences design, I find that the ban on rating services of Brickworks Ratings in India led to a one-notch rating downgrade in one out of five treated firms. The results are also robust to the use of the Ordered logistical regression model. The worsening of ratings is not associated with an improvement in rating quality. I find that the deflated ratings do not reduce type I errors (missed defaults) but result in higher type II errors (false warnings). My findings are consistent with the “risk-averse behavior” hypothesis, where incumbent raters issue pessimistic ratings to mitigate higher regulatory costs. Further, the higher false warnings leads to real consequences of increase in borrowing costs for firms that solicit ratings.
2. *“Indirect evergreening using related parties: Evidence from India”* with Nishant Kashyap and Prasanna Tantri (**Published** at *“Journal of Financial and Quantitative Analysis”*, 2021)
Abstract: We identify a novel way of evergreening loans where a low-quality bank lends to a related party of a borrower in trouble and facilitates the movement of funds to the intended beneficiary. An analysis of transactions between troubled firms and their related parties, incremental investments, and loan performance indicates that at least a part of the transactions we study indeed represent evergreening. Interestingly, unlike other known forms of evergreening, neither a comprehensive audit by the regulator nor financial markets are able to unearth the above indirect evergreening. It has significant real consequences at the firm and industry levels.
3. *“Types of Component Auditors and Shareholder Ratification of the Auditor”* with Bullippe R. Chintha (1st round **revise & resubmit** at *“Journal of Business, Finance, and Accounting”*)
Abstract: The Public Company Accounting Oversight Board (PCAOB) has required disclosures about the participation of foreign component auditors in the audit process for audit reports filed on or after June 30, 2017. The PCAOB justified this requirement by stating that such disclosures would be useful for investors in their decision-making, specifically when voting to ratify the auditor. We find that shareholders are *less* likely to vote against auditor ratification when opining auditors disclose using large (material) foreign component auditors, i.e., component auditors auditing more than 5 percent of the total audit hours. Shareholder votes against (or, abstaining from) auditor ratification is lower by 22 percent for clients with more than the median level of large component auditor use, compared to clients with lower than median use of such component auditors. Our results suggest that disclosures about the use of (large) foreign component auditors provide useful information for shareholders.
4. *“Preventing borrower runs: The prompt corrective action approach”* with Nishant Kashyap, and Prasanna Tantri (2nd round **revise & resubmit** at *“Journal of Financial and Quantitative Analysis”*)
Abstract: We ask whether regulatory intervention in the form of prompt corrective action that seeks to bring troubled banks back to health by imposing temporary restrictions and increasing regulatory monitoring reverses borrower runs. Using the Indian PCA regime and exploiting the sharp discontinuity provided by the entry criteria in a regression discontinuity framework, we find that timely regulatory intervention reduces loan delinquency by way of borrower runs by 93%. Cross-sectional tests based on regional variation in court efficiency and the relationship between economic shocks and delinquency show that a reduction in strategic default leads to improvement in loan performance.

5. *“What Information Does The Public Disclosure of Quantities Sold by Firms Provide?” (co-authored with Prateek Manikpuri, Shivaram Rajgopal, and Prasanna Tantri)*

Abstract: No major regulatory regime mandates the disclosure of product quantities and prices. Does this mean that the information is not valuable? We investigate this question using a rare regulatory regime in India where the disclosure of quantities was mandatory for manufacturing firms until 2011, when India decided to synchronize its accounting standards with global ones. We find that information about the break up of revenue growth into quantity and price parts, their direction, and whether a shift in demand has occurred helps assess the persistence of revenue growth. Further, we find that the disclosure increases the informativeness of stock prices.

Updated on 21st July 2023