

Sumit Saurav

Assistant Professor, Indian Institute of Management Bangalore

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EDUCATION

Indian Institute of Management, Ahmedabad

Ph.D.

2019 –2023

Indian Institute of Management, Visakhapatnam

MBA

2017–2019

National Institute of Foundry and Forge Technology, Ranchi

B-Tech in Metallurgy and Materials Engineering

2009–2013

RESEARCH INTERESTS

Asset Pricing, Options, Economics of Regulations, and Banking

PUBLISHED/ACCEPTED PAPERS

- Lottery and bubble stocks and the cross-section of option-implied tail risks, *Journal of Futures Markets*, with Sobhesh Kumar Agarwalla & Jayanth R Varma (ABDC A/ABS 3)
- Belief Distortion Near 52W High and Low: Evidence from Indian Equity Options Market, *Journal of Futures Markets*, with Sobhesh Kumar Agarwalla & Jayanth R Varma (ABDC A/ABS 3)
- Role of Derivatives Market in Attenuating Underreaction to Left-Tail Risk, *Journal of Futures Markets*, with Sobhesh Kumar Agarwalla & Jayanth R Varma (ABDC A/ABS 3)
- Asymmetric Uncertainty Around Earnings Announcements: Evidence from Option Markets, *American Business Review*, with Sobhesh Kumar Agarwalla & Jayanth R Varma (ABDC A)
- Does Government Ownership Differently Impact Expected Left-Tail and Volatility Risk of Bank Stock? Evidence from Options Market, *Journal of Corporate Finance*, with Pranjal Srivastava & Abhinash Mishra (ABDC A*/ABS 4)
- Modelling for insight: Does oil price uncertainty have directional predictability for travel and leisure firms?, *Energy Economics*, with Debojyoti Das and Anupam Dutta (ABDC A*/ABS 3)

WORKING PAPERS

Impact of Embedded Leverage on Trading Activity in Stock, Options, and Futures Markets, with Sobhesh Kumar Agarwalla (IIM-A) & Jayanth R Varma (IIM-A)

Conferences : JAAF India Symposium 2023, ISB; 39th International Conference of the French Finance Association (Accepted); 5th International Conference on Financial Markets & Corporate Finance, IIT Delhi (Accepted); Derivatives Market Conference 2023 (Accepted)

Abstract: Embedded leverage is an important consideration when leverage-constrained investors decide whether to trade in the options, futures, or spot markets. Using option/stock, option/future, and future/stock volume ratios as measures of relative trading activity, we empirically find that trading is high in securities offering higher embedded leverage in general and especially during corporate announcements (both scheduled and unscheduled). We further corroborate our results through an examination of the exogenous shock to embedded leverage induced by margin change regulation. Additionally, we find that embedded leverage

incentivizes information generation that increases the stock price informativeness, reduces stock price reaction to earnings announcements, and improves return predictability of derivatives volume.

Effect of Continuous Disclosure Requirement on Information Leakage Around Earnings Announcements, with Sobhesh Kumar Agarwalla (IIM-A), Ajay Pandey (IIM-A), & Jayanth R Varma (IIM-A)

Conferences : R&P Brown Bag Seminar IIM-A; 2nd Annual Capital Markets Conference, SEBI-NISM; 2021 India Finance Conference, IIM Bangalore; 14th ISB Accounting Research Conference, ISB; 2022 IMR Doctoral Conference, IIM Bangalore; 2022 International Accounting Section Midyear Meeting

Abstract: The Indian market regulator introduced continuous disclosure regulation requiring listed firms to report their financial results within 30 minutes of the board meeting. This provides us with a unique setting to investigate the effect of the low-cost regulatory intervention on information leakage. Using a sample of earnings announcement (EA) made by the firms during the market hours, we find the following effects of the regulations. First, the trading induced by leaked information shifted to inside 30 minutes before EA and became more informative. Second, returns during 120 to 30 minutes before the EA lost its ability to predict earning surprises. Third, we find that the difference observed in the volatility pick-up before EA with and without surprises before regulatory change disappeared. Our findings suggest that firms took the regulation seriously, and the information leakage has been limited to less than the stipulated 30-minutes window.

Natural Disasters, Interest Rate Dynamics, and Economic Activities, with Abhiman Das (IIM-A) and Tanmoy Majilla (IIM-A)

Conferences : R&P Brown Bag Seminar IIM- A; 2022 SERI-D Conference; CAFRAL Annual Conference: The Financial System and Macroeconomy in Emerging Economies; DSE Winter School 2022; 4th Annual Economics Conference, Ahmedabad University; Asian Meeting of the Econometric Society (AMES), IIT Bombay

Abstract: We present novel evidence regarding the impact of natural disasters on the dynamics of interest rates and their influence on real economic activities. Using the universe of bank loans in India, we find that local branches exposed to natural disasters increase loan interest rates for all different sorts of borrowers. We also observe a decline in credits. Importantly, these effects persist for at least three years. These results are critical because the local branches are the ones with the soft information. We link rising interest rates to increased default risks of the borrowers and find multiple patterns that corroborate this assertion. Firms respond to natural disasters by increasing their interest expenses and decreasing bank debts. These effects also endure for a number of years. Additionally, cross-sectional spike in interest rates results in a decline in nightlight based real economic activity as well as firm level R&D expenditures. It suggests a novel financial intermediation channel through which natural disaster shocks transmit to the real economy.

RESEARCH IN PROGRESS

- Violation of Law of One Price: Evidence from Cash-Future Basis, with Pranjal Srivastava & Sobhesh Kumar Agarwalla

PEER REVIEWED CONFERENCE PRESENTATIONS/ACCEPTED

- **2025** : 2025 Derivative Markets Conference, Queenstown New Zealand; 14th India Finance Conference, IIM Visakhapatnam
- **2024** : 7th JAAF-ATP Indian Symposium 2024, IIM Kozhikode; World Finance & Banking Symposium, Abu Dhabi

- **2023** : 4th Annual Economics Conference, Ahmedabad University; JAAF India Symposium 2023, ISB; Asian Meeting of the Econometric Society (AMES); 2023 IMR Doctoral Conference, IIM Bangalore; 39th International Conference of the French Finance Association¹; 5th International Conference on Financial Markets & Corporate Finance, IIT Delhi (Accepted); Derivatives Market Conference 2023 (Accepted).
- **2022** : 2022 IMR Doctoral Conference, IIM Bangalore; 2022 International Accounting Section Midyear Meeting; 3rd SEBI-NISM Research Conference, NISM; Research Symposium on Finance and Economics, Krea University; 4th International Conference on Financial Market & Corporate Finance, IIT Bombay; 2022 FMA Annual Meeting, Atlanta, Georgia; Contemporary Issues in Emerging Markets Conference, IIM-BG; ACFA - 2022 Conference on Derivatives Markets, Auckland, New Zealand; 2022 SERI-D Conference; DSE Winter School 2022; 2022 India Finance Conference, IIM Calcutta.
- **2021** : 17th Asia-Pacific Association of Derivatives (APAD) Annual Conference; 2nd Annual Capital Markets Conference, SEBI-NISM; 2021 India Finance Conference, IIM Bangalore; 14th ISB Accounting Research Conference, ISB.

BOOK CHAPTERS

- Saurav, S. (2020). Review of Corporate Governance in Emerging Economies from the Perspective of Principal–Principal Conflict. *The Financial Landscape of Emerging Economies*, 111-121.

NEWS PAPER ARTICLE

- S. Saurav and P. Srivastava, “Is Repo RBI’s Policy Rate?”, *The Hindu Business Line*, July 31, 2020

SCHOLARSHIPS AND AWARDS

- Industrial Finance Corporation of India (IFCI) Award for Thesis Proposal IIM Ahmedabad April 2023
- CFA Institute Investment Management award (first prize) at India Finance Conference IIM Calcutta December 2022
- Best paper award (doctoral student category) at Contemporary Issues in Emerging Markets Conference (CIEMC 2022), IIM Bodh Gaya October 2022
- Aditya Birla Capital Best Paper award (student category) at International Conference on Financial Markets and Corporate Finance (ICFMCF), IIT Bombay July 2022
- Best paper award (third position) at Research Symposium on Finance and Economics, KREA University June 2022
- Best paper award at Second Annual Capital Markets Conference, National Institute of Securities Markets (NISM) July 2021
- Ministry of Steel Scholarship 2012 –2013
- Merit-cum-Means Scholarship, National Institute of Foundry and Forge Technology, Ranchi 2010–2012

TEACHING EXPERIENCE

- **Teaching:** (i) Corporate Finance, PGP Core, (ii) Investment Management, PGP Term 3 Elective

INDUSTRY EXPERIENCE

Steel Authority of India Limited (SAIL)
Junior Manager

ISP, Burnpur
February, 2014 - July, 2017

Cummins India Limited
Sourcing Manager

Pune
August, 2013 - February, 2014

¹Paper was accepted but the author could not attend the conference.