

# AR16

Code: 16MBA4007

**SET-I**

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)**

**II MBA IV Semester Regular Examinations, APRIL, 2018**

**FINANCIAL RISK MANAGEMENT**

**Time: 3 Hrs**

**Max. Marks: 60**

**Answer any Five questions  
All questions carry EQUAL marks  
Question No. 8 is Compulsory**

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|---|-----|
| 1. a) Define Risk   | 4M  |
| b) Explain its nature and scope   | 8M  |
| 2. a) What is the concept of measurement and management of risk?  | 6M  |
| b) Explain the concept of risk retention and risk transfer  | 6M  |
| 3. a) Define Derivative   | 4M  |
| b) Explain various types of derivatives   | 8M  |
| 4. a) Define future contract  | 4M  |
| b) Explain features of future contract  | 8M  |
| 5. a) Define Swap contract  | 4M  |
| b) What are different types of swap contract  | 8M  |
| 6. a) Explain the concepts of in the money, at the money and out of the money in option contract  | 6M  |
| b) Explain Binominal option pricing model   | 6M  |
| 7. a) Define option contract. Explain its premium, intrinsic value and time value.  | 4M  |
| b) Explain the level of option contracts (Long call and Short Call - Long put and short put)  | 8M  |
| 8. CASE STUDY:<br>Spot price at present is Rs.20/- which has a volatility of 20% i.e., it can be increase or decrease by 20% from present spot price by the expiry of the options contract period. If strike price is 22, Risk free rate is 12%, time to expiration 3 months, what will be the outcome in one step binomial model (Price of call option). | 12M |

**Answer any Five questions  
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Question No. 8 is Compulsory**

1. a) What is the scope of Performance Management System in the organization? 6  
b) Explain the role of Performance Management System in the Human Resources Management 6
2. a) Explain the Performance Feedback and Reward system. 6  
b) How you identify High Performance Teams 6
3. a) Explain Forced Distribution, Critical Incidents and Grading methods of performance appraisal system. 6  
b) Explain in detail about 360 Degree and BARS modern methods of performance appraisal system. 6
4. a) Define the performance appraisal system and explain its importance. 6  
b) What are the drawbacks in performance appraisal methods 6
5. a) How performance management planning is important for employee career development. 6  
b) Explain the process of performance appraisal system 6
6. a) What are the objectives of performance Monitoring? 6  
b) Explain the principles of performance Monitoring 6
7. a) Explain reward based performance management system 6  
b) What is performance Audit? 6

## 8. CASE STUDY:

A senior executive, middle aged was expecting promotion for the past 4 years, which is due for him as he is with the organization from its inception. The performance appraisal methods are changing every year, as HR manager is highly curious and adventurous in testing many new methods. The middle aged executive cannot cope up with the up gradation of software related to performance appraisals. He is sincere in his job, not very high performing or low. He accomplishes his targets and has been loyal to the organization.

When every time his promotion is denied based on performance rankings and his juniors move up the ladder, he felt cheated and victimized. He curse and loath the system of performance appraisals and recently, his behavior is changing on the negative side, not cooperating with his superiors (once juniors), absenteeism increasing and performance still going low.

Questions:

1. What is the major issue in this case?
2. Is the performance evaluation system in the company not good?
3. Who is responsible for the poor performance of the executive?