

# AR17

**Code: 17MBA4004**

**SET-2**

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

**II MBA IV Semester Regular Examinations April-2019**

**FINANCIAL DERIVATIVES**

**Time: 3 Hrs**

**Max. Marks: 60**

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

1. a) Explain the difficult types of financial derivatives along with their features in brief. **6M**  
b) Define derivatives. Explain the regulatory frame work of derivatives trading in India **6M**
  2. a) Explain the meaning of future contracts. Explain its features. **6M**  
b) Explain the Limitations of Forward Contract **6M**
  3. a) Explain the meaning of Interest Rate Futures and Index futures **6M**  
b) Explain the meaning of Future Contract explain its Features. **6M**
  4. a) “Option is a right but not obligation for the buyer of options.” Do you agree? Discuss the statement with special reference to types of options. **6M**  
b) Explain the various positions of options? Discuss with suitable examples and diagram **6M**
  5. a) Explain Binominal Option Pricing model. **6M**  
b) Distinguish between Intrinsic value and time value. **6M**
- 1 of 2
6. a) What are interest rate caps, interest rate floors, and interest rate collars? When would these be used? **6M**  
b) What do you understand by credit derivatives? Explain with suitable examples. **6M**
  7. a) Illustrate ‘in-the-money’ and ‘out-of-the money’ positions in both call and put options. **6M**  
b) ‘Future contracts are obligations, where as options are rights’. Do you agree? **6M**

8.

**CASE STUDY:**

**12M**

Consider the following data:

Stock Price	Rs.50
Months to expiration	3 months
Risk-free rate of interest	10% p.a.
Standard deviation of Stock	40%
Exercise Price	Rs.55
Option types	European call

Calculate value of call option as per Black-Scholes Model.

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**PERFORMANCE MANAGEMENT****Time: 3 Hrs****Max. Marks: 60**

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

1. a) Define Performance Management System and explain its objectives. **6**  
b) Differentiate between Performance appraisal and Performance Management. **6**
2. a) How an organization can building and lead high performing teams? **6**  
b) Explain Behaviorally Anchored Rating System of appraisal, is there any drawback in that system? **6**
3. a) Explain the Balance Score Card method in assessing the employee performance. **6**  
b) What are the Traditional methods of Performance Appraisal, is there any problems in that. Discuss? **6**
4. a) In your view why organizations appraise the performance of its employees? **6**  
b) What are the different types of Performance Management Planning Methods? **6**
5. a) Explain in detail Goal Setting process and how it is usefull to the individual, team and organization? **6**  
b) What are the objectives of Performance Monitoring? **6**
6. a) Explain in detail Principles of Performance Monitoring Principles. **6**  
b) What are the objectives of Performance Counselling? **6**
7. a) Critically examine the functions of Performance Management System. **6**  
b) In an organization how strategies and policies are integrated through E-performance system? **6**

Samsui Company is an engineering company with an employees strength of 1,000. The company has a system of incentive linked monthly productivity bonus for the shop floor employees, which serves the purpose of rewarding good work. The HR Director, Mr Ram has been facing dilemma. How to evaluate the performance of the middle management and how to link it with productivity. After a deliberate discussions with individual managers, he develops a plan. The plan is designed to enhance team work and provide incentives for improvement and excellence among middle level managers. Briefly, the pay will be split into components. The first consists of 80% of original salary, which will be a fixed component and will be determined as before. The second component of 20% will be flexible and will depend upon the ability of each team as a whole to show a minimum of 5% improvement in their respective areas. The scheme when discussed with managers, received a number of negative remarks. One manager said that why should their performance depend up on the performance of other members of the team. The new pay scheme makes them team players first and specialists I their areas next. Another objection was that why the good persons in the teams should suffer if the other members were not measuring upto the expectations. Moreover, there are a number of external factors which effect the individual and collective performance. For example, if a product suddenly goes out of demand affecting marketability, why should the concerned marketing team be penalised for something beyond its control.

Now Mr. Ram is in a tight position. The company has been the trend setter in executive compensation in Indian Industry as they gave been paying the best . Will the new plan ensure that it remains that way. If the plan succeeds Samsui set another trend in executive compensation. But how should he see this plan through.

**Questions:**

1. Do you think that it is proper way of evaluation of the managers on the basis of productivity?
2. If you were the HR Director, What would you do?

# AR16

Code: 16MBA4007

**SET-2**

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

**II MBA IV Semester Supplementary Examinations April-2019  
FINANCIAL RISK MANAGEMENT**

**Time: 3 Hrs**

**Max. Marks: 60**

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

1. a) What is risk management? Explain its process.  
b) Discuss various types of risks in detail.
2. a) What do you mean by Asset Liability Management? Explain its evolution.  
b) Explain RBI guidelines to Asset Liability Management.
3. a) “Derivatives are considered as risk management tools used by organization/investor/individual”. Comment upon the statement.  
b) Discuss various players in derivative markets.
4. a) What is futures contract? Explain its characteristics.  
b) Discuss the differences between forward contracts and futures contracts.
5. a) Write a note on valuation of currency SWAPS. Explain with examples.  
b) Explain various types of currency SWAP.
6. a) Explain various assumptions of Binomial pricing model.  
b) Discuss one step pricing model with hypothetical examples.
7. a) What do you mean by option market? Explain its features.  
b) Discuss pay offs of call and put options.

**8. CASE STUDY:**

Consider the following data:

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Exercise Price	Rs.55
Option types	European call

Calculate value of call option as per Black-Scholes Model.