

stepped up its R and D activity. While the primary thrust of R and D is on developing generic drugs, it is also actively pursuing several programmes for developing new chemical entities.

Mahesh, the CEO of the company recently attended a seminar for CEOs in a prestigious US university in which there was a module on corporate risk management. After attending the seminar, Mahesh was convinced that Matrix pharma, given its increasing internationalisation and growing thrust on R and D, had to gradually institute a comprehensive risk management programme. As a first step, he wanted his top management team to appreciate the basics of derivatives and corporate risk management.

You work as the Executive Assistant to Mahesh. Impressed by your understanding of financial matters, Mahesh has asked you to prepare a brief report for the top management team of Matrix pharma which should cover the following issues.

- i) What are the principal risks faced by a business firm? **4**
- ii) You work as a executive assistant to Mahesh, what factors you will consider while reporting on risk management to top management team of Matrix Pharma. **5**
- iii) What are the key guidelines you will consider for managing the future risk? **5**



AR - 1210

M.B.A. Semester - III

Paper-MBA/3106/F : Risk Management

P. Pages : 4

Time : Three Hours

Max. Marks : 70

- Notes :
1. Attempt all questions.
 2. Figures to the right indicate marks.

SECTION - A

1. a) "The entire business process has to face numerous risks and uncertainties. Uncertainty comes from changes in economic, social and political trends, the arrival of new technology or shifts in consumer demand. Thus in business, there are dangers and risks of every kind." In the light of this statement discuss the various types of risk with suitable examples. **14**

OR

- b) Define the term risk management. Discuss the principles, aims and objectives of risk management. **14**

SECTION - B

2. a) "Training and communication is needed at all levels of an organisation to identify, assess and respond to risks and to run the entity to achieve objectives". Considering this statement explain the advantages of risk training and communication. **7**

- b) "Every business has its own size of risk". In the light of this statement why risk assessment is necessary for business organisation? Justify the use of multiple types of techniques in the risk assessment process. **7**

OR

- c) Explain the concept of risk architecture. Discuss the role of risk management committee in risk architecture of an organisation. **7**
- d) How do the organisation's structure, processes and reward systems support or detract from the development of our desired risk culture? How does efficient risk aware culture help organisation to achieve organisational objectives? **7**

3. a) What do you mean by supply chain management? In what way does the success or failure of business firm depend on supply chain management? Explain. **7**

- b) Construction projects are characterised as complex and unique where a risks rise from a number of different sources. Suppose you are working as a risk management consultant, how would you help the construction company in identification of risk in construction industry and what remedies would you suggest in this regards? **7**

OR

- c) What is corporate Governance? Explain the significance of corporate Governance model. **7**

- d) A small scale industrial concern manufacturing miscellaneous engineering items has entered into a contract with Railways for supply of goods and wants assistance from your bank by way of advance against supply bills. What are the risks involved in this type of advance and what are the safeguards which you will take if you decide to grant the advance? **7**

SECTION - C

4. a) What do you mean by risk appetite? Explain the importance of risk appetite as a planning tool in the implementation of a risk management initiative. **7**
- b) What is risk transfer? Explain the significance of risk transfer. **7**

OR

- c) What is risk response? Explain the 4T's of risk response. **7**
- d) It has been said that a well-informed investor experiences less risk than an uninformed investor. Do you agree? Why? What type of risk is referred to in this statement? Explain. **7**

SECTION - D

5. Matrix Pharma is a mid-sized pharmaceutical company that focuses mainly on branded formulations with a significant proportion on its scale coming from international operations in several countries. Given its healthy growth in the last five years, partly fueled by an acquisition in the UK, the company has in recent years