



# Sindhi College

(Sponsors : Sindhi Seva Samiti)  
#33/2B, Hebbal, Kempapura, Bengaluru - 560024  
Permanently affiliated to Bengaluru City University  
Re-accredited by NAAC Recognised by UGC under 2(f) & 12(B)  
An ISO 9001:2015 Certified Institution

## CENTRE FOR PG STUDIES

### Report on Class Activity

#### Case Study

**Subject:** Financial Planning & Investment Environment

**Class:** III Semester M. Com [Finance]

**Date:** 28<sup>th</sup> March 2023

**Time:** 1.40 pm – 3.40 pm

**Faculty:** Dr M. Jubi.

#### Background of the Case Study

The fact that the pharmaceutical sector outperformed the Sensex in 2010 and recorded a gain of about 34 per cent, making it an attractive destination for foreign direct investment, has attracted the notice of Mr Balasingh, a real estate dealer, who is considering parking his profits in this sector. The information he has collected on this sector is given below:

The Indian pharmaceutical industry was almost non-existent in 1970, but over time, it became a prominent provider of healthcare products, meeting almost all of the country's pharmaceutical needs at the beginning of the 21<sup>st</sup> century. More than 60,000 formulations are produced, and they cover nearly every therapeutic segment. Formulations are processed medicines. The raw materials for the pharma industry are several organic chemicals. The chemical industry is competitive and fragmented. Companies like Orchid Chemicals and Sashun Chemicals were basically chemical companies that turned themselves into pharmaceutical companies. The contribution of Indian pharma industry accounts for 1.4 per cent of the global pharma industry in terms of value and 10 per cent in terms of volume. The volume of production ranks third in the world. The year-on-year growth rate was 18 per cent in 2011.

The pharma industry is highly fragmented, with over 10,500 manufacturing units in India. The top 10 companies contribute more than one-third of the market. The number of generic product manufacturers is quite large. The number of foreign players investing and expanding their bases in India is increasing tremendously. Further, India is fast becoming one of the biggest hubs for conducting global clinical trials. The industry witnessed eight acquisitions and 17 collaborations or partnerships in 2011.

The Government of India has given permission for 100 percent FDI in drugs and the pharma sector to establish various pharma Special Economic Zones across the country.

The implementation of product patents has provided a thrust to innovation and research to launch new patented products. The expenditure incurred on R&D by the top five companies ranges between 5 and 10 percent of revenues. The global R&D expenditure on sales is 15-20 per cent. Even though, English-speaking and skilled scientists are available for this sector, most of the companies have witnessed high attrition rates. Along with employment costs, raw material costs have also increased.

According to PricewaterhouseCoopers (PWC), the Indian pharmaceutical market is expected to touch 74 billion in sales by 2020. The boom in sales is expected because of a large population, increasing healthcare expenditure, growing urbanization, rising life expectancy, and active private sector participation. According to McKinsey estimates, in 2025 the Indian middle class is expected to stand at 580 million, representing an annual growth of 12 per cent. The change in lifestyles has resulted in cardiovascular diseases, diabetes and depression. Drugs that address these complaints will continue to be lucrative and fast-growing.

Besides the domestic market, Indian pharma companies concentrate a lot on exports. The US Food and Drug Administration (FDA) has stringent rules with respect to the inspection of manufacturing plants. The market leaders have problems with regard to their plants satisfying FDA rules.

Even though India is the largest supplier of generic drugs, the menace of the fake drug is severe. Estimates show that fakes account for 15-20 per cent of the pharma industry. The fakes are common in cough syrups, vitamin supplements, painkillers, and the like.

The aggressive penetration of health insurance in rural and urban areas will benefit the pharma industry. It is said that nearly 650 million people will have health insurance coverage by 2020, and private insurance coverage will grow by nearly 15 per cent annually until 2020. The industry is controlled by a complex variety of laws and policies. The National Drug Policy, Drug Price Control Orders, and the Indian Patents Act have a say in the industry. The new pharmaceutical policy aims to bring 354 essential drugs under price control.

1. With the given information can you analyse the industry with one or two analytical tools and help Mr Balasingh make a decision?

#### **Answer**

The pharmacy industry is a fast-growing industry and is considered to be one of the industries producing an essential products. Based on SWOT Analysis, the investment decision can be taken by Mr Balasingh and are as follows;

#### **Strength of this industry**

- The volume of production ranks 3rd in the world.
- The growth rate was 80% in 2011
- More than 60000 Malaysians are produced and they cover every therapeutic segment
- Foreign players investing and expanding their market in India
- Growth in global clinical trials in India
- Large population increase in healthcare expenditure

#### **Weakness of the industry are considered**

- Presence of a large number of players and a fragmented industry
- Existence of complex laws and policies
- RND expenditure on sale in an Indian company compared to the Global average
- Employee costs and raw material costs how also increased

#### **Opportunities in the Industry**

- Aggressive penetration of Health Insurance
- Growing urbanization

- Rise in life expectancy
- Private sector
- Increase in cardiovascular disease, diabetes, depression
- Product patent regime
- Proposal to Pharma across the country

#### Threats to the industry

- Existence of a fake drug industry
- Stringent regulation
- Proposal to bring more drugs under price control

According to the swot analysis, the strength and opportunities amount weighs the weakness and Threats hence Mr Bala may invest a position of his funds in the pharmaceutical industry.

#### PORTERS MODEL

Based on the most accepted universal method "PORTERS MODEL", an analysis of investment decisions can be taken and are as follows;

##### Bargaining power of the supplier

The raw material for pharma industries at several organic chemicals the presence of competition fragmentation is common in the medical industry. The bargaining power of the supplier is limited switching costs are low from Pharma Industry however supplier can plan forward integration and turn into a company Orchid and Ashen Chemical company later became the pharmaceutical company

##### Bargaining power of the buyer

The customer base is wide and customers are patients who rely on medicine and they do not have bargaining power Doctors can switch from one Drug Company to another Drug Company there is no switching cost. The government can also interfere and control drug price

##### Substitute

Alternative therapy like homoeopathy acupuncture yoga surgery and joint replacement for arthritis or organ transparent for failure mainly reduce the potential growth of the pharmaceutical industry but they did not possess a serious threat

##### Rivalry among the existing firm

As the industry is fragmented it faces severe competition merger and acquisition is common in the pharmaceutical industry

##### Threats of a new entrance

Government policies and patent regimes hamper new entrance

##### Conclusion

As three to four are favourable for the pharmaceutical industry Mr Bala Singh negro with his investment so he can choose the farming industry

*[Handwritten Signature]*  
 Head of the Department of PG Studies  
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<b>Outcome</b>	Case studies give students examples of circumstances in which they can start to consider their comprehension and answers to issues that arise in real-world settings. In a secure and open learning environment, case studies will test students' critical thinking and problem-solving abilities.
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*M. S.*

## CASE STUDY

**Subject:** Financial Planning & Investment Environment

**Class:** III Semester M. Com

**Topic:** Porters Model

**Students Participants List**

Sl. No.	Name of the student
1	Kanaka R
2	Sowmya B C
3	Yeshashwini S M
4	Yeshashwini K V
5	Archana D M
6	Kavya N
7	Chaithra S P
8	Soundarya B M
9	Ghanavi L
10	Sneha S
11	Anil Raj J
12	Shamitha K P

M. J. P.



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## CENTRE FOR PG STUDIES

### Report on Class Activity

#### Case Study

**Subject:** Corporate & Allied Laws

**Class:** I Semester M. Com [FA]

**Date:** 7<sup>th</sup> March 2023

**Time:** 1.40 pm – 2.40 pm

**Faculty:** Dr M. Jubi.

#### Question 1: -

1. Explain the meaning of the term "Money Laundering" Z, a known smuggler was caught in the transfer of funds illegally exporting narcotic drugs from India to some countries in Africa. State the maximum punishment that can be awarded to him under the Prevention of Money Laundering Act, 2002.

#### Answer: -

**Money Laundering:** Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. [Section 3 of the Prevention of Money Laundering Act, 2002]

Paragraph 2 of Part A of the Schedule to the Prevention of Money Laundering Act, 2002, covers Offences under the Narcotic Drugs and Psychotropic Substances Act, of 1985. Whereby, illegal import into India, export from India or transshipment of narcotic drugs and psychotropic substances (section 23) is covered under paragraph 2 of Part A.

2. **Punishment:** Section 4 of the said Act provides for the punishment for Money-Laundering. Whoever commits the offence of money laundering shall be punishable with rigorous imprisonment for a term which shall not be less than 3 years but which may extend to 7 years and shall also be liable to a fine. But where the proceeds of crime involved in money laundering related to any offence specified under paragraph 2 of Part A of the Schedule, the maximum punishment may extend to 10 years instead of 7 years.

**Conclusion;** - the smuggler caught in the transfer of funds illegally exporting narcotic drugs from India to some other countries in Africa may face imprisonment for up to 7 years and a fine of up to rs.5lks under the Prevention of money laundering act, 2002.

#### Question 2: -

Mr Fraudulent has been arrested for a cognizable and non-bailable offence punishable by a term of imprisonment for more than three years under the Prevention of Money Laundering Act, 2002. Advise, as to how can he be released on bail in this case.

**Answer: -**

Section 45 provides that the offences under the Act shall be cognizable and non-bailable. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, no person accused of an offence under the Act shall be released on bail or on his own bond unless-

i) The Public Prosecutor has been given an opportunity to oppose the application for such release and

Where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such an offence and that he is not likely to commit any offence while on bail.

ii) In case of any person who is under the age of 16 years or in case of a woman or in case of a sick or infirm person or if accused either on his own or along with others co-accused is accused of money-laundering a sum of less than one crore rupees, may be released on bail, if the Special Court so directs.

**Conclusion; -** Mr Fraudulent can apply for bail under Section 439 of the Code of Criminal Procedure, 1973, and he will have to convince the court that he deserves to be released on bail based on the relevant factors. The grant of bail, however, is not automatic and will depend on the court's discretion, taking into consideration the nature and gravity of the allegations against him.

**Question 3: -**

The Adjudicating Authority appointed under the Prevention of Money Laundering Act, 2002 issued an order attaching certain properties of XYZ Limited alleged to be involved in money laundering for a specified period. The company aggrieved by the order of the Adjudicating Authority seeks your advice about the remedy that is available under the Act. Advise explaining the relevant provisions of the Prevention of Money Laundering Act, 2002.

**Answer: -**

### **Establishment of Appellate Tribunal**

According to section 25 of the Prevention of Money Laundering Act, 2002, the Appellate Tribunal constituted under sub-section (1) of section 12 of the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 shall be the Appellate Tribunal for hearing appeals against the orders of the Adjudicating Authority and the other authorities under this Act.

### **Appeals to Appellate Tribunal**

Section 26 deals with the right and time frame to make an appeal to the Appellate Tribunal. The Director or any person aggrieved by an order made by the Adjudicating Authority under this Act may prefer an appeal to the Appellate Tribunal. The Director or any person aggrieved by an order made by the Adjudicating Authority under this Act may prefer an appeal to the Appellate Tribunal. The appeal shall be filed within a period of 45 days from the date on which a copy of the order made by the Adjudicating Authority is received and it shall be in such form and be accompanied by prescribed fees. The appeal shall be in such form and be accompanied by such fee as may be prescribed. The Appellate Tribunal may extend the period if it is satisfied that there was sufficient cause for not filing it within the period of 45 days. The Appellate Tribunal may after giving the parties to the appeal an opportunity of being heard, pass such order as it thinks fit, confirming, modifying or setting aside the order appealed against.

### **Appeals to High Court**

The Act also provides further appeal. According to Section 42 any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal to the High Court within 60 days from the date of communication of the order of the Appellate Tribunal.

The Act also provides further appeal. According to Section 42, any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal to the High Court within 60 days from the date of communication of the order of the Appellate Tribunal. In the light of the provisions of the Act explained above the company is advised to prefer an appeal to Appellate Tribunal in the first instance.

**Conclusion;** - XYZ Limited has the remedies of appeal to the Appellate Tribunal, revision petition to the High Court and reference to the High Court under the PMLA against the order of attachment of property issued by the Adjudicating Authority. It is advisable for the company to seek legal assistance to navigate through the process of these remedies.

#### Question 4:-

Mr. 'B' purchased a flat out of the proceeds earned by Drug Trafficking. The flat was attached by the Director, Director of Enforcement after complying with the procedures under Section 5 of the Prevention of Money Laundering Act, 2002. Mr 'B' got a stay from High Court for any proceedings under the said Act. The stay was subsequently vacated. State the relevant provisions of the PMLA, 2002 for computing the period of provisional attachment including extension, if any.

**Answer: -**

According to section 5 of the Prevention of Money Laundering Act, 2002, where the Director or any other officer (not below the rank of Deputy Director authorised by the Director), has reason to believe (the reason for such belief to be recorded in writing), on the basis of material in his possession, that—

- a) Any person is in possession of any proceeds of crime; and such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to the confiscation of such proceeds of crime under this Chapter, he may, by order in writing, provisionally attach such property for a period not exceeding 180 days from the date of the order, in such manner as may be prescribed.
- b) Provided further that, any property of any person may be attached under this section if the Director or any other officer not below the rank of Deputy Director authorized by him has reason to believe (the reasons for such belief to be recorded in writing), on the basis of material in his possession, that if such property is not involved in money-laundering is not attached immediately under this Chapter, the non-attachment of the property is likely to frustrate any proceeding under this Act.

**No effect on the right to enjoy the property:** This section shall not prevent the person interested in the enjoyment of the immovable property attached from such enjoyment.

**Computation of period of attachment:** Provided also that for the purposes of computing the period of 180 days, the period during which the proceedings under this section is stayed by the High Court, shall be excluded and a further period not exceeding 30 days from the date of order of vacation of such stay order shall be counted.

**No effect on the right to enjoy the property:** This section shall not prevent the person interested in the enjoyment of the immovable property attached from such enjoyment.

Here, "person interested", in relation to any immovable property, includes all persons claiming or entitled to claim any interest in the property.

In the given case, Mr C, son of Mr B can occupy the flat during the period of provisional attachment if he claims to have any interest in the said property.

**Conclusion;** - based; Based on the information provided, it appears that the Director of Enforcement was successful in attaching the flat purchased by Mr. 'B' using proceeds earned from drug trafficking and that the High Court eventually allowed the proceedings under the Prevention of Money Laundering Act, 2002 to proceed.

**Question 5: -**

Mr. 'K' used his car for smuggling cash and the Special Court found on the conclusion of the trial that an offence of money laundering was committed by Mr. 'K' under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA, 2002). The car was under hypothecation to a Nationalized Bank for the car loan obtained. Referring to provisions of the PMLA, 2002, examine whether the car can be confiscated despite the existence of encumbrance.

**Answer: -**

Where an order of confiscation has been made under section 8(5) or section 8(7) or section 58B or section 60(2A) of PMLA, 2002 in respect of any property of a person, all the rights and title in such property shall

**Vesting of property in Central Government[Section 9]:**

Where an order of confiscation has been made under section 8(5) or section 8(7) or section 58B or section 60(2A) of PMLA, 2002 in respect of any property of a person, all the rights and title in such property shall vest absolutely in the Central Government free from all encumbrances. However, where the Special Court or the Adjudicating Authority, as the case may be, after giving an opportunity of being heard to any other person interested in the property attached under this Chapter, or seized or frozen, is of the opinion that any encumbrance on the property or lease-hold interest has been created with a view to defeat the provisions of this Chapter, it may, by order, declare such encumbrance or lease-hold interest to be void and thereupon the aforesaid property shall vest in the Central Government free from such encumbrances or lease-hold interest.

In the instant case, Mr K used his car for smuggling cash and Special Court found on the conclusion of the trial that an offence of money laundering was committed by Mr K. The car was under hypothecation to a nationalized bank for the car loan obtained. As the encumbrance on the car has been created to defeat the provisions, the special court may order to declare such encumbrance to be void, and therefore the car can be confiscated and shall vest in the Central Government.

**Conclusion:** Therefore, in the case of Mr K if the car used for smuggling cash is found to be involved in money laundering, it can be confiscated by the government under the PMLA despite the existence of encumbrance.

<b>Outcome</b>	Case Studies provide students with scenarios in which they can begin to think about their understanding and solutions to problems found in real-world situations. Case studies will challenge students' critical thinking and problem-solving skills in a safe and open learning environment.
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*M.P.*

*[Signature]*  
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## CASE STUDY

**Subject:** Corporate & Allied Laws

**Class:** I Semester M. Com [FA]

**Topic:** Prevention of Money laundering Act.

### Students Participants List

Sl. No.	Name of the student
1	Shilpashree.H.N
2	N.Bhagyashree
3	Yamunashree.B
4	Yashavantha Rao.D.K
5	Rahul Rao.C.J
6	Hareesh.H

M.S.J