

RESEARCH PROJECT

THE IMPACT OF CORPORATE GOVERNANCE ON PUBLIC LIMITED COMPANIES: LESSONS FOR PAKISTAN



Research Project Supervisor: Dr. Tauseef Iqbal

Submitted by:

Maryam Nawaz

(01-177122-105)

Sidra Komal

(01-177122-033)

Raja Saad Ahmed

(01-177122-026)

16th May, 2017.

Department of Law

Bahria University, Islamabad

(Spring 2017)

Turnitin Originality Report
thesis final chapter by Maryam Nawaz
From Thesis (Graduate Research)

- Processed on 08-May-2017 12:45 PKT
- ID: 811226029
- Word Count: 10925

Similarity Index

55%

Similarity by Source

Internet Sources:

18%

Publications:

7%

Student Papers:

52%

sources:

41% match (student papers from 04-May-2017)

Class: Graduate Research

Assignment:

Paper ID: 809422882

2% match (Internet from 06-Apr-2017)

<https://www.scribd.com/doc/30524941/Corporate-Governance-in-Pakistan>

1% match (Internet from 15-May-2016)

<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan048479.pdf>

1% match (student papers from 08-Sep-2012)

Submitted to Higher Education Commission Pakistan on 2012-09-08

1% match (Internet from 05-Oct-2015)

http://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1179&context=law_globalstudies

1% match (Internet from 03-Jun-2016)

<http://theses.gla.ac.uk/5614/1/2014khanphd.pdf>

1% match (student papers from 09-Apr-2017)

Submitted to IFS School of Finance on 2017-04-09

**The Impact of Corporate Governance on Public Limited Companies:
Lessons for Pakistan**

**Determining the gaps and recommending possible legal measures for
efficient corporate governance system of public limited companies in
Pakistan**

Supervisor Approval

I hereby, forward this work done by
Maryam Nawaz, Sidra Komal, and Raja Saad Ahmed,
to the Research Committee for the final Evaluation.

Supervisor Name: Dr. Tauseef Iqbal

Supervisor Signature: _____

16th May, 2017.

Department of Law
Bahria University, Islamabad

Declaration of Ethical Conduct in Research

We, as students of Bahria University, hereby declare that;

Firstly, we have abided by the research ethics while writing this research project.

Secondly, we have not committed any acts that may discredit or damage the credibility of our research. These include, but are not limited to: falsification distortion of research findings or plagiarism.

Thirdly, we need to go through a plagiarism check before submitting this research project.

We hereby, declare that this thesis is original and has never been presented in any other University or Institute of learning. We also declare that this thesis has never been copied and any secondary information used has been duly acknowledged in this thesis.

Date: 16th May, 2017

Degree: L.L.B

Department: Law

Supervisor Name: Dr. Tauseef Iqbal

Name & Signature of Student(s):

Maryam Nawaz _____

Sidra Komal _____

Raja Saad Ahmed _____

Acknowledgement and Dedication

Firstly, we would like to gratefully acknowledge Allah Almighty, who is the most merciful and helpful. It is just because of Allah's blessings and mercies that we have completed this work successfully.

The most earnest acknowledgement must go to our supervisor, Dr. Tauseef Iqbal, for his help and time during the entire research work.

We are also grateful to Mr. Adnan Khan who defined for us a clear direction in this journey and provided us with the idea of this topic. He helped us in laying the foundation of this topic, and helped us throughout in research as well.

We are also thankful to Ms. Nadia Khadam and Ms. Saadia Zahoor, the research coordinators, for encouraging us and providing us with the entire research guidelines.

This thesis is dedicated to the students and the teachers of Law Department, Bahria University, Islamabad, and to our precious and beloved parents, who have made us able to reach this stage, our siblings, friends who helped us at every single step of life.

May Allah shower his blessings upon them.

Maryam Nawaz

Sidra Komal

Raja Saad Ahmad

CONTENTS

INTRODUCTION	Error! Bookmark not defined.
LITERATURE REVIEW	Error! Bookmark not defined.
RESEARCH METHODOLOGY.....	Error! Bookmark not defined.
RESEARCH OBJECTIVES	Error! Bookmark not defined.
CHAPTERIZATION	Error! Bookmark not defined.
CHAPTER I: CORPORATE GOVERNANCE AND PUBLIC LIMITED COMPANIES	Error! Bookmark not defined.
1.1 Introduction	Error! Bookmark not defined.
1.2 Definition of Corporate Governance.....	Error! Bookmark not defined.
1.3 History of Corporate Governance	Error! Bookmark not defined.
1.4 Mechanism of Corporate Governance.....	Error! Bookmark not defined.
1.4.1. Size of Board of Directors	Error! Bookmark not defined.
1.4.2. Board of Directors	Error! Bookmark not defined.
1.4.3. Chairman and Chief executive officer.....	Error! Bookmark not defined.
1.5 Evolution of Corporate Governance in Pakistan.....	Error! Bookmark not defined.
1.5.1. Pakistan Institute of Corporate Governance	Error! Bookmark not defined.
1.5.2. Institute of Chartered Accountants of Pakistan	Error! Bookmark not defined.
1.5.3. Stock Market.....	Error! Bookmark not defined.
1.6 Regulators of Corporate Governance in Pakistan	Error! Bookmark not defined.
1.6.1 Security and Exchange Commission of Pakistan	Error! Bookmark not defined.
1.6.2 State Bank of Pakistan.....	Error! Bookmark not defined.
1.7 Definition of Public Limited Companies	Error! Bookmark not defined.
1.8 Formation of Public Limited Company	Error! Bookmark not defined.
1.8.1 Promotions.....	Error! Bookmark not defined.
1.8.2 Board of Directors	Error! Bookmark not defined.
1.8.3 Name of Company.....	Error! Bookmark not defined.
1.8.4 Subscriber	Error! Bookmark not defined.
1.9 Capital	Error! Bookmark not defined.
CHAPTER II: CORPORATE GOVERNANCE IN PUBLIC LIMITED COMPANIES IN PAKISTAN.....	Error! Bookmark not defined.
2.1 Corporate Governance Issues & Challenges	Error! Bookmark not defined.

2.1.1 Lack of Management	Error! Bookmark not defined.
2.1.2 Issues of shareholders	Error! Bookmark not defined.
2.1.3 Accountability	Error! Bookmark not defined.
2.1.4 Terms of Board	Error! Bookmark not defined.
2.1.5 Issues of Clients	Error! Bookmark not defined.
2.1.6 Personal competency	Error! Bookmark not defined.
2.1.8 Business Education	Error! Bookmark not defined.
2.2 Legal Solutions.....	Error! Bookmark not defined.
2.3 Conclusion	22
CHAPTER III: INTERNATIONAL LEGAL REGIME RELATED TO CORPORATE GOVERNANCE N PUBLIC LIMITED COMPANIES	
23	
3.1 Introduction	23
3.2 Purpose of Corporate Governance	23
3.3 Corporate Governance.....	Error! Bookmark not defined.
3.4 Bilateral investment treaties	Error! Bookmark not defined.
3.5 Compliance with the Code of Corporate Governance	Error! Bookmark not defined.
3.6 United Kingdom.....	Error! Bookmark not defined.
3.6.1. Evolution of corporate governance in United Kingdom	Error! Bookmark not defined.
3.6.2 United Kingdom corporate governance code	Error! Bookmark not defined.
3.6.3 Comply or explain method	Error! Bookmark not defined.
3.7 Corporate governance in India	Error! Bookmark not defined.
3.7.1 Companies Act 2013	Error! Bookmark not defined.
3.7.2 Securities and Exchange Board of India.....	Error! Bookmark not defined.
3.8 China	Error! Bookmark not defined.
3.8.1 Corporate governance in listed Chinese enterprises.....	Error! Bookmark not defined.
3.8.2 Classification of Chinese business entities	Error! Bookmark not defined.
3.8.3 Comparison of other models with China Corporate governance	Error! Bookmark not defined.
3.8.4 Corporate governance future in China.....	Error! Bookmark not defined.
3.9 Conclusion	34
CONCLUSION.....	Error! Bookmark not defined.

BIBLIOGRAPHY	Error! Bookmark not defined.
--------------------	-------------------------------------

LIST OF ABBREVIATIONS

AOA	Article of Association
BCCI	Bank Of Credit Commerce International
BOD.....	Board of Directors
CEO.....	Chief Executive Officer
CG.....	Corporate Governance
CLA.....	Corporate Law Authority
CSRC	China Securities Regulatory Commission
EU	European Union
FRC.....	Financial Reporting Council
ICAP.....	Institute of Chartered Accountants Pakistan
ICMA.....	Institute of Cost and Management Accountants of Pakistan
IFC	International Finance Corporation
ISE	Islamabad Stock Exchange
JSC.....	Joint-Stock Companies
KSE	Karachi Stock Exchange
LLC	Limited Liability Companies
LSE	Lahore Stock Exchange
MOA	Memorandum of Association
PACRA	Pakistan Credit Rating Agency
PICG.....	Pakistan Institute of Corporate Governance
PIDE.....	Pakistan Institute of Development Economics
PLC	Public Limited Company
PRC.....	Peoples Republic of China
SBP.....	State Bank of Pakistan
SECP.....	Securities & Exchange Commission of Pakistan
UK	United Kingdom
US	United states
WTO	World Trade Organization

LIST OF CASE LAWS

1. *Kohinoor Raiwind Mills Limited v. Kohinoor Gujjar Khan Mills Limited* 2002 CLD 1314.
2. *Pak Panthar Spinnings Ltd.* 2012 CLD 710.
3. *Pakistan Sugar Mills Association* 2011 CLD 599.
4. *Pfizer Laboratories Limited* 2003 CLD 1209.
5. *Razi Kuli Khan vs. Executive Director Enforcement* 2010 CLD 286.

ABSTRACT

This purpose of this paper is to examine some of the fundamental authoritative and managerial elements which have added to mal-administration of Corporate Governance in Pakistan. To explore and decide the proficiency and adequacy of administration, diverse factors have been recognized and optional information assets have been utilized to highlight administration issues in organizations of Pakistan. Discoveries of the examination will be useful in enhancing administration and improving the managerial functioning of companies in Pakistan.