PPL Head-Office Relocation to Islamabad: An Independent Financial, Operational and Socioeconomic Impact Assessment

Karachi → Islamabad | Approximately 500 employees | Evidence and scenario-based review

Khan Arshad | enerbrill | 22 October 2026

Prologue

The proposed transfer of a large number PPL employees from Karachi to Islamabad is simultaneously a property, corporate coordination, workforce and household-economics decision. The relevant test is the present value of genuine incremental corporate benefits compared with total relocation and recurring costs, operational disruption, employee impacts and alternative implementation models. Company financial results are officially published data; reported rent and relocation expenditure are employee-sourced figures and remain unverified. Accordingly, numerical screens in this note are illustrative rather than a conclusion on the commercial merits of the move.

Independent decision-support note, built on/over the corporate startegy review, 'A Bird's-Eye View of Pakistan's Major E&P Companies' (Arshad, K., October 2026).

This assessment is offered in a constructive spirit: as an independent, evidence-based contribution to understanding the broader financial/economic and socioeconomic dimensions of a significant corporate decision, while recognizing the authority, experience and institutional responsibilities of PPL's management and Board.

Key Take-Aways

- **Strategic rationale:** The Islamabad relocation may improve federal coordination, administrative efficiency and decision-making, but its financial value has not been publicly quantified.
- **Financial performance and circular debt:** PPL reported approximately PKR 264.015 billion revenue and PKR 98.533 billion profit after tax in FY2026. Trade debts of PKR 623.45 billion underscore the difference between reported earnings and collectible cash.
- **Two-city office rental exposure:** Unverified employee-sourced claims indicate Karachi rent of PKR 48 million/year and proposed Islamabad rent of PKR 600 million/year. Assuming Karachi premises remain fully rented and the Islamabad amount is additional, combined rent would be PKR 648 million/year, or PKR 600 million above the Karachi-only illustrative baseline. Existing Islamabad occupancy costs must be reconciled.
- **Travel-offset sensitivity:** PKR 120 million/year in existing officer travel expenditure was cited in parliamentary reporting. Even if all were avoided, the scenario implies PKR 480 million/year additional rent net of that assumed saving. Full elimination is unlikely to be assured, and additional utility, security, facilities and reverse-travel costs are excluded.
- **One-time relocation outlays:** Employee-reported estimates range from approximately PKR 0.6-1.0 billion to several billion rupees depending on scope; higher claims reference PKR 4 billion combined costs and possible PKR 1 billion equipment. Estimates are unverified and may overlap, so they must not be summed.

- **Household expenditure exposure:** Illustrative added household expenditure ranges from PKR 160,000 to 410,000 per month (PKR 1.92-4.92 million/year), net of a household's comparable Karachi cost basis, before unreimbursed one-time moving costs and income losses.
- **Aggregate 500-household sensitivity:** If all 500 affected households experienced these illustrative increments, combined incremental household spending would range from PKR 960 million to PKR 2.46 billion/year. This is neither a verified aggregate nor an extra PPL company expense; compensation and transfers require reconciliation.
- **Children's education and family continuity:** At PKR 50,000 per child/month, two children imply PKR 100,000/month gross schooling costs before admissions, transport and any Karachi offsets. School-board compatibility, university transfers, care for parents and dual-city living warrant case-by-case consideration.
- **Human-capital productivity:** An illustrative 10 affected workdays across 500 employees equals 5,000 employee-days; at PKR 20,000/day it represents PKR 100 million gross time-value exposure, not a verified accounting loss. Specialist retention and knowledge continuity may matter more.
- **Regional and national effects:** Continuing Karachi operations make this a two-city reconfiguration rather than full closure. Redistribution of employment and spending between cities is not automatically a national welfare loss; duplication and real resource costs must be isolated.
- **Governance and implementation:** Reported Board support can coexist with transparent employee support, staged execution, monitoring of financial benefits, service continuity, staffing retention and grievance outcomes.
- **Overall finding:** The available public record does not establish that quantified savings and strategic benefits outweigh combined corporate and socioeconomic costs. Effective execution and independently measurable benefits are the decisive evaluation criteria.

Executive Financial-Impact Summary (reported claims and illustrative calculations)

Financial indicator	PKR / amount	Status and interpretation
PPL FY2026 revenue / profit	264.015 / 98.533 bn	Company-reported standalone figures
PPL FY2026 trade debts	623.450 bn	Company-reported balance; not deployable cash
Karachi office rent retained	48 m/year	Employee-reported claim; full retention assumed
Islamabad office rent	600 m/year	Employee-reported, unverified; presumed additional
Combined rent / increment	648 / 600 m/year	Two-city rental scenario vs Karachi-only baseline
Officer travel / maximum savings	120 m/year	Publicly reported expense; 100% elimination hypothetical
Net rental increment after travel offset	480 m/year	Illustrative, excludes incremental two-city operating costs
One-time relocation costs	0.6-1.0 bn to several bn	Competing unverified estimates; not additive
Five-year company-cost scenarios	1.5-5.5 bn	Illustrative undiscounted sensitivities
Household additional monthly cost	160,000-410,000	Illustrative per-household costs above Karachi baseline
Aggregate additional household yearly cost	0.96-2.46 bn	Illustrative 500-household extrapolation; no double counting
Productivity screening exposure	100 m	Hypothetical 5,000 employee-days at PKR 20,000/day

Evidence note: Rent, relocation and travel amounts are reported public claims, not audited lease or expenditure data. Sensitivity amounts are scenario assumptions, not PPL forecasts. Aggregate household expenses must not be added to corporate costs without removing allowances, reimbursements and transfers.

1. Evidence Status and Chronology

Date	Publicly reported development / evidence status
7 Oct 2026	Reports of proposed move involving more than 500 employees (press reporting).
9 Oct 2026	Provincial and political representatives expressed economic and employee concerns (public statements).
16 Oct 2026	News reporting cites initial transfer letters to 50 staff, reporting date 25 Oct; employee-source cost estimates not verified.
FY2026	PPL annual report provides audited financial and workforce figures; it does not establish a public relocation feasibility budget.

The reported management/Board rationale includes proximity to federal institutions, improved executive coordination, administrative efficiency and premises-related considerations. Reported endorsement by successive boards is not a substitute for published line-item financial data; nor does the absence of the latter establish that internal due diligence was absent.

2. Corporate Financial Context

FY2026 standalone measure	Reported amount	Interpretation
Sales revenue	PKR 264.015 billion	Financial scale of ongoing business
Profit after tax	PKR 98.533 billion	Reported earnings, not free cash flow
Trade debts	PKR 623.450 billion	Large exposure to payment collection/circular-debt dynamics
Full-time workforce	2,542	Company-wide count; not all subject to relocation
Islamabad office personnel	77	FY2026 workforce-location disclosure

Trade debts / annual revenue ≈ 2.36×. This is a scale comparison, not receivables days outstanding. Our prior E&P benchmark identified PPL's need to protect reserve renewal, declining-production recovery, field development and disciplined capital allocation. Relocation should therefore be assessed alongside alternative commitments, not by reported profit alone.

3. One-Time Relocation Expenditure and Cost Attribution

Employee-sourced reporting estimates approximately PKR 2-3 million per employee for company and employee combined spending and mentions a PKR 4 billion overall amount plus a possible PKR 1 billion for office equipment. Different estimates may overlap and may not share the same accounting perimeter; none is audited or publicly confirmed by PPL. A separate report cited a PKR 0.6-1.0 billion estimate. All are competing claims, not amounts to sum.

Cost category	Company cash impact	Employee/household impact
Moving and logistics	Reimbursed transport and staff allowances	Unreimbursed moving, vehicle and fitting costs
Property and lease	New rent, deposits, fit-out, retained Karachi expense	New rent, deposits and overlap
Systems and operations	IT transfer, equipment, downtime, consultants	Disruption and time costs
Human capital	Retention incentives, hiring, skills losses	Spousal earnings and family adaptation

For social cost-benefit analysis, allowances paid by PPL are transfers between company and employee; real moving, duplicated assets and lost output should not be counted twice.

4. Recurring-Cost Test: Office Rent, Travel and Facilities

Employee-sourced figures cite monthly Karachi office rent of approximately PKR 4 million versus PKR 50 million for the proposed Islamabad arrangement. These reported amounts have not been independently verified and may refer to unlike premises or service bundles. They cannot be treated as comparable commercial quotations.

Reported / calculated item	PKR million/year
Karachi rent: 4 million/month	48
Islamabad rent: 50 million/month	600
Combined rent: 54 million/month	648
Reported current officer travel expense (potential saving)	120
Net extra annual spend (Islamabad office rent - traveling expense)	480

The travel amount is not a guaranteed saving. A valid property comparison must include facility capacity, owned versus leased assets, refurbishment avoidance, maintenance, both-city remaining offices, IT, staff travel in the reverse direction, inflation, lease escalation and fit-out amortization. Annual recurring cost may be economically more material than the original relocation outlay.

Benefits may include time savings, improved asset use, reduced maintenance, lower travel and faster approvals; benefits should not be credited merely because the headquarters becomes geographically closer to institutions.

5. Employee and Household Economics

A four-person illustrative household average yields about 2,000 potentially affected persons across 500 employees; this is not an actual household count. Each household's vulnerability depends on salaries, housing ownership/tenure, number of children, education streams, spouse employment, elderly dependents, disabilities, medical continuity and whether the family relocates at all.

Household dimension	Financial and social consequence
Housing and deposit	New rental payments, rent difference, overlap, security and property transaction costs
School-age children	Admissions, curriculum/board shifts, tuition per child, uniforms, books and transport
University students	Transfer or credit obstacles; hostel or continued Karachi residence
Transport and utilities	Fuel, vehicle and maintenance, electricity, gas, water, internet and generator costs
Spousal employment	Possible loss of a second income; job search and career interruption
Eldercare/healthcare	Re-establishment of specialist care or intercity visits
Family relationships	Community support loss, psychological pressure and dual-city travel
Existing commitments	Mortgage, lease termination, loans and property sale timing

5.1 Reproducible Cost Assumptions: Total Versus Incremental

The original interactive calculator used increment sliders; the study now separates new-city expenses from the Karachi baseline. The revised, higher-value examples below are illustrative increases, not claims about actual market prices or PPL allowances. For instance, an Islamabad portion costing PKR 150,000 per month creates only PKR 70,000 incremental housing cost if Karachi rent was PKR 80,000, but can create a PKR 150,000 new cash outlay for a family with an owned Karachi home who retains that property.

Incremental category (PKR/month)	Lower	Substantial	Higher
Housing / second residence	75,000	100,000	150,000
Children's education (household total)	35,000	60,000	100,000
Transport + utilities	35,000	65,000	85,000
Family travel / other	15,000	50,000	75,000
Total additional / month	160,000	275,000	410,000
Total additional / year	1,920,000	3,300,000	4,920,000

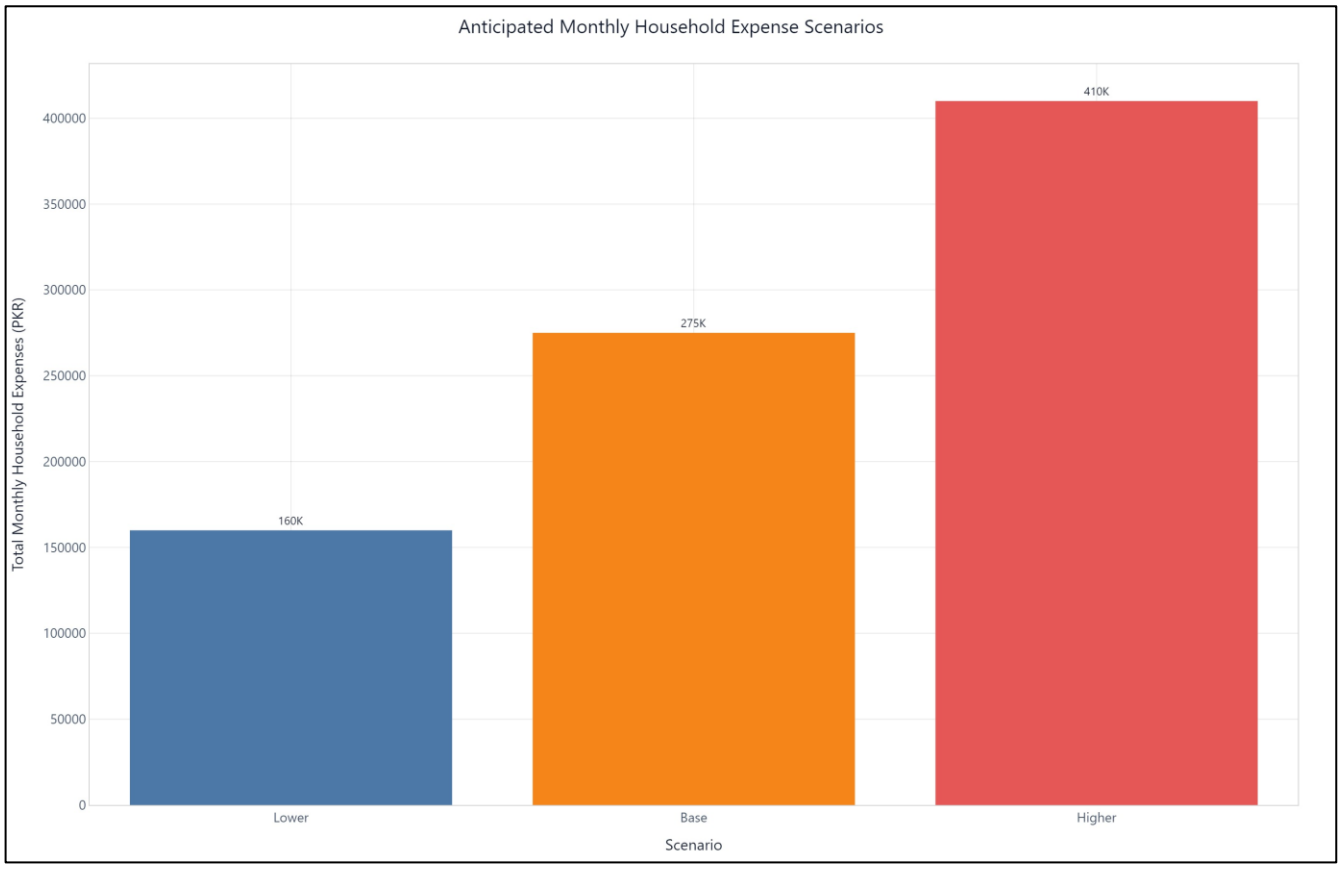


Figure 1. Illustrative incremental household monthly burden by category and scenario. Values differ from Islamabad gross household expenditure and must be replaced with sampled employee data.

A school fee of PKR 50,000 per child for two children implies PKR 100,000 monthly education expenditure before transport and one-time admissions, but the incremental effect is the Islamabad total minus equivalent Karachi cost and any employer reimbursement. Fuel/electricity/gas expenditures should be entered explicitly and stress-tested: for some households, the original PKR 50,000 transport-and-utilities assumption is clearly

too low as a total expense. The new workbook permits changing such inputs without altering the underlying definitions.

If one spouse forfeits PKR 150,000/month earnings, the separate opportunity-cost exposure is PKR 1.8 million/year. Such loss must not be placed in the four expenditure categories as though it were a utility bill. Aggregate 500-household extrapolations illustrate scale only; they are not national welfare losses until selection, overlap and reimbursement are reconciled.

5.2 Children and Student Continuity

- Early childhood and primary: adaptation to new school, language, classmates and routines.
- Secondary / O-A levels / intermediate: examination boards, subject equivalence, mid-session admission, exam calendars and academic continuity.
- University: credit equivalence, scarce transfer places, laboratories, professional accreditation, semesters and hostel arrangements.
- Moving an employee and moving their family are separate decisions; phased reporting and academic-year protection can reduce burdens.

6. Human Capital and Operational Continuity

Function	Principal risk or opportunity
Exploration, geology and geophysics	Prospect knowledge and continuity of specialist technical reviews
Reservoir / production engineering	Potential interruption to depletion-management and development activity
Field operations / drilling	Distance between decision-makers and operating locations; need escalation plans
Procurement / legal / finance	Contract continuity, controls, payment collection and transition logistics
Corporate strategy / regulatory affairs	Potential better proximity to Islamabad federal counterparts
HR / IT / cybersecurity	Relocation workload, personnel issues, migrations, redundancy and resilience controls

Illustrative productivity screen: 500 employees × 10 affected working days = 5,000 employee-days. At an assumed fully loaded PKR 20,000/day, the gross time-value equivalent is PKR 100 million. This is not proven lost output or a booked expense. Specialist resignation, recruiting delays and knowledge loss may be more material but require separate evidence.

7. Potential Strategic Advantages of Islamabad

- Federal policy/regulatory engagement: potentially shorter inter-agency coordination loops and reduced travel requirements.
- Centralized leadership: possible improvements in management alignment, meetings, approval cycles and response times.
- Modernized space: potential office efficiency, facilities modernization, business continuity and avoided rehabilitation of outdated premises.
- Better location for some corporate functions: potential advantages for treasury, government relations, regulatory compliance and strategy.

These are possible rather than demonstrated benefits. Islamabad presence by itself cannot resolve circular debt, which arises from system-level payment, pricing and financing constraints. A credible benefit ledger would quantify the number, duration and consequence of approvals accelerated and distinguish relocation effects from unrelated collection improvements.

8. Regional and National Economic Incidence

Dimension	Karachi	Islamabad / Rawalpindi
Housing and education	Possible reduction in tenant and student demand	Possible increased demand, rent pressure and admissions
Retail and services	Loss of related localized expenditure	Gain in localized expenditure
Office economy	Change in support-contract activity	Additional service contracts and office demand
Transport and travel	Changed demand from departing staff	Potential increase in local/intercity travel
National perspective	Transfer of spending is not inherently a net national loss	Duplicated housing, idle assets and lost productivity are true costs

These regional effects carry economic and stakeholder importance, while political interpretations remain outside the scope of this paper. Redistribution of spending between two cities must be distinguished from overall national welfare gains and losses.

9. Alternative Implementation Models

Model	Potential advantage	Trade-off
Full relocation	Maximum geographic concentration	Largest household disruption and organizational transition
Dual-location functions	Preserves established Karachi technical capacity	Requires disciplined coordination
Selective functional relocation	Targets activities benefiting from federal proximity	Not every function co-located
Phased transfer	Academic-year and retention flexibility	Longer temporary duplication
Digital-first / hybrid	Reduces travel and capital outlay	Not identical to executive physical proximity

These alternatives are comparative implementation screens, not assertions about what PPL's Board ought to have approved. A phased/selective approach may preserve equivalent strategic intent with less disruption, subject to operational and governance requirements.

10. Integrated Scorecard and Risk Screening

Dimension	Preliminary stance	Missing information
Strategic fit	Potentially positive	Board objectives and measurable benefits
Financial efficiency	Indeterminate	Like-for-like office economics and approved relocation budget
Circular-debt context	Material liquidity constraint	Cash collection sensitivity attributable to relocation
Household welfare	Material disruption potential	Anonymized employee survey, support packages
Educational continuity	High sensitivity for some households	Children by age and schooling category
Specialist retention	Implementation risk	Critical roles, resignations, retention interventions
Operations and data	Manageable with appropriate controls	Business continuity and IT migration plans
Stakeholder/ESG	Needs monitoring	Grievances, consultations and outcomes



Figure 2. Illustrative qualitative ERM screening: H = household; R = retention; F = financial; O = operational; S = stakeholder.

Note: Author's positioning, not PPL internal risk ratings or empirical probabilities.

11. Implementation, Decision Gates and Management KPIs

- Baseline and independent comparison: reconcile real property, administration and travel expenditure and current facility condition.
- Company-versus-household allocation: distinguish reimbursed expenditure, uncompensated expenditure, real economic loss and accounting transfers.
- Family-impact mapping: anonymous housing, spouse employment, children's education, special needs and dependent care survey.

- Retention and continuity: protect essential specialist capacity; implement phased knowledge handover and cybersecurity/IT fail-safe plans.
- Six-month and annual post-implementation review: budget variance, net recurring cost, approvals completed faster, travel days, employee retention, grievance resolution and return on relocation expense.

12. Epilogue

The proposed relocation of Pakistan Petroleum Limited's headquarters functions from Karachi to Islamabad represents a significant organizational transformation with implications extending beyond administrative geography. It involves financial commitments, operational arrangements, institutional coordination, human-capital continuity and the economic and social circumstances of employees and their families. The decision reportedly follows consideration by successive Boards and enjoys federal government support, suggesting that its strategic and administrative objectives have been examined through established corporate governance processes. The present independent assessment neither questions those processes nor presumes access to the internal evidence underlying them.

The relocation may offer legitimate strategic advantages through closer engagement with federal institutions, improved executive coordination, potentially faster decision-making and modernization of corporate facilities. Such benefits can contribute to organizational effectiveness, particularly in Pakistan's complex petroleum-sector regulatory and institutional environment. Their ultimate economic significance, however, depends on the extent to which they translate into demonstrable improvements in efficiency, financial performance and operational outcomes.

The financial analysis highlights the importance of distinguishing corporate profitability from liquidity and discretionary investment capacity. PPL's FY2026 revenue of approximately PKR 264 billion and profit after tax of PKR 98.5 billion demonstrate substantial earnings capacity. Nevertheless, trade receivables of approximately PKR 623.45 billion, alongside continuing investment requirements for exploration, reserve replacement, production sustainability and diversification, reinforce the importance of disciplined resource allocation. The economic relevance of relocation expenditure therefore lies not merely in its affordability, but also in its recurring implications, cash-flow requirements and opportunity cost relative to other corporate priorities.

The reported office rental figures illustrate this consideration. Assuming that PPL retains its existing Karachi premises at approximately PKR 48 million annually while incurring the reported PKR 600 million annual Islamabad rental expenditure, combined rent could reach PKR 648 million per year. Even if the entire reported PKR 120 million annual officer travel expenditure were eliminated, the illustrative incremental annual rental burden would remain approximately PKR 480 million, before additional facilities, utilities, maintenance and intercity operating costs. These figures remain based on independently unverified public claims and specific analytical assumptions, rather than audited relocation expenditures. Actual incremental costs also depend on PPL's existing Islamabad accommodation and the extent of additional expenditure genuinely attributable to the relocation.

The socioeconomic assessment reveals a second, equally important dimension: the consequences for employees and their households. Under the illustrative scenarios, additional household expenditure may range from PKR 160,000 to PKR 410,000 monthly, equivalent to PKR 1.92-4.92 million annually per household. Extrapolated across 500 employees, the combined household expenditure sensitivity ranges from approximately PKR 960 million to PKR 2.46 billion annually, before potential loss of spousal income and one-

time relocation expenses. These figures do not represent verified employee losses and cannot automatically be added to corporate expenditure because reimbursements, transfers and other overlaps must be considered.

Beyond financial expenditure, educational continuity for children, university arrangements, housing commitments, spousal employment, dependent family members and social support systems constitute substantive considerations. Their effects will vary significantly across households, emphasizing the value of differentiated relocation assistance, educational accommodation and transitional flexibility rather than uniform assumptions about employee circumstances.

From an operational perspective, relocation also requires safeguarding PPL's accumulated technical knowledge, professional expertise and institutional continuity. Experienced geoscientists, engineers, financial specialists and corporate professionals represent organizational capabilities developed over many years. Retention, knowledge transfer, effective coordination between Karachi and Islamabad, and uninterrupted support for field operations are therefore important measures of implementation success. The fact that substantial functions and personnel will remain in Karachi further underscores the significance of optimizing a continuing two-city organizational structure rather than treating relocation as a complete substitution of one office for another.

At the wider economic level, redistribution of household expenditure, employment-related activity and business services between Karachi and Islamabad may create different regional outcomes without necessarily representing equivalent losses or gains to the national economy. A balanced assessment distinguishes such transfers from genuine incremental costs arising from duplicated facilities, additional travel, disrupted productivity and underutilized resources.

The principal conclusion is that the strategic justification, financial affordability and socioeconomic consequences of relocation are related but distinct considerations. The presence of a credible strategic rationale does not, by itself, establish the magnitude of economic benefits; equally, substantial transition costs do not necessarily negate the long-term advantages of organizational restructuring. The appropriate basis for evaluation is whether the relocation produces sustainable improvements in corporate efficiency, governance coordination and operational effectiveness that justify its total financial and human-capital implications.

Accordingly, the greatest practical value of this independent review lies in identifying the conditions under which implementation can generate enduring benefits: transparent cost monitoring, evidence-based evaluation of recurring expenditure, appropriate employee and family support, preservation of specialist capabilities, uninterrupted business operations and periodic assessment of measurable strategic outcomes.

13. Concluding Perspective

Corporate restructuring decisions ultimately derive their value not simply from the physical relocation of offices or personnel, but from the improvements they deliver in organizational capability, financial resilience, operational effectiveness and long-term institutional sustainability.

For PPL, the relocation's success will therefore be reflected in the quality of its implementation, the realization of demonstrable operational and financial benefits, and the extent to which the company's experienced workforce and their families are supported through the transition.

A successful relocation would reconcile institutional efficiency with financial prudence, corporate objectives with employee wellbeing, and immediate organizational requirements with PPL's longer-term responsibility to its shareholders, workforce and Pakistan's energy sector.

Sources and Evidence Register

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Source-control note: *Rent figures, employee relocation totals, office-equipment sums and office travel claims require primary documentary verification before being described as audited or approved PPL expenses. Household scenarios and risk placements are author's assumptions.*