

C&MD Speech at AGM,

September 15, 2017

Good morning, Ladies and Gentlemen.

It is a great honour and privilege for me to welcome all the shareholders, on behalf of the Board of Directors, to the 65th Annual General Meeting of Hindustan Petroleum Corporation Limited. Thank you for your gracious presence here today.

It gives me great pleasure to share that the year 2016-17 has been the year of best ever all round performance of your company since its formation 43 years ago. A year, in which your Company has delivered highest ever net profit, refining throughput, market sales and return to shareholders.

For the first time ever, the profit after tax in a financial year crossed Rs. 6,000 crore mark on standalone basis to reach Rs. 6,209 crore and Rs. 8,000 crore mark on consolidated basis to reach Rs. 8,236 crore.

On the back of this impressive performance, the Board of your Company has declared issue of bonus shares in September 2016 in the ratio of two equity shares for one equity share held. This was closely followed by another bonus share issue in July 2017 in the ratio of one equity share for two equity shares held. This means, every shareholder who owned 2 equity shares of HPCL before September 2016 and continue to own it, now holds 9 equity shares of HPCL.

The market capitalization of your Company has more than doubled during 2016-17 to reach Rs. 53,380 crores as on 31st March 2017. You will be happy to note that as on 31st August 2017, market cap of your Company stood at approx. Rs. 74,355 crore.

This breakthrough performance was achieved through collective endeavor of all the functions and business units to create value for all the stakeholders. Your constant support and trust in us continue to inspire us to scale new peaks of success year on year.

I am delighted to inform that your Company has obtained 'Excellent' rating for the 9th year in succession with one of the best MoU scores amongst all CPSEs in terms of the Memorandum of Understanding (MOU) signed with the Government of India for the year 2015-16.

During the year, Shri S Jeyakrishnan and Shri Vinod S Shenoy were appointed as whole time directors on the Board as Director (Marketing) and Director (Refineries) respectively effective 1st November, 2016. Smt Asifa Khan and Shri G V Krishna were appointed as Additional Directors & Non-Executive Independent Directors effective 13th February, 2017

and Dr. T N Singh was appointed as Additional Director & Non-Executive Independent Director on the Board effective 20th March, 2017.

Now, with your permission, I would like to touch upon the major developments that have taken place in the Indian economy and Oil sector during 2016-17, before sharing the key performance highlights of your Company and growth plans which would shape our future.

Indian Economy

Indian economy maintained its momentum as a bright spot in the world economy with a higher GDP growth of 7.1% on the back of a stable macroeconomic environment of low inflation and low interest rates coupled with good monsoon. Regulatory & structural reforms signified the thrust of Government of India for accelerating economic growth and making the country the destination of choice for investment.

Roll out of the 'Goods and Services Tax (GST)' is expected to yield substantial growth dividends from higher efficiencies by removing tax barriers. The flagship programs like Make in India, Digital India, Startup India and Skill India have started impacting the economy positively and will accelerate growth and development in the future. The bold initiative of 'Demonetization' had also had its intended impact on the cash centric informal segment of the economy.

The economic growth is projected to remain strong in India driven by a transformational reforms oriented government, supportive population dynamics, steadily rising aspirational middle class & increase in disposable incomes. The rapid urbanization, growing industrialization, modernization and rise of a New India will support consumption, and oil demand is likely to grow in tandem with the rising per capita energy consumption levels.

Developments in Oil Sector

The year 2016-17 was yet another year of low crude oil prices and Brent averaged at US\$ 49 per barrel. However, Oil prices recovered from the 12-year low witnessed in the previous year, to reach US\$ 54-55 per barrel during Jan-Feb'17 and witnessed a decline thereafter. It is anticipated that the Brent crude oil prices may remain range bound around US\$ 45 to 55 per barrel during 2017-18.

Lower crude oil prices had a positive impact on Indian economy due to reduced cost of imports. Government of India has plans to reduce oil import dependence by 10% by 2022 and has launched various initiatives for promoting domestic production of Oil & Gas, increase use of alternate fuels and move towards a low carbon economy.

To improve the accessibility and availability of clean cooking fuels Pradhan Mantri Ujjwala Yojana (PMUY) was launched which has brought social transformation in the lives of millions of women from BPL (below Poverty Line) households. Oil Marketing Companies

have released more than 2.8 crore connections under this scheme since the launch of the scheme on 1st May 2016 by the Hon'ble Prime Minister.

To reduce the emission intensity in the transport sector, Government of India had rolled out BS-IV specification Petrol and Diesel on pan India basis effective 1st April 2017. Technology was also leveraged to incentivize cashless transactions to transition India to a less cash economy. Swachh Bharat Abhiyan galvanized the society to move towards cleaner India.

The initiatives by the Government to build a vibrant and 'New India' have also spurred growth. The consumption of petroleum products grew by 5.2% in India to reach 194 million tonnes during 2016-17. Among major products, Petrol and Diesel grew by 8.8% and 1.8% respectively despite witnessing a slowdown of growth in the last quarter. LPG started replacing kerosene and other form of native fuels like wood, cow dung cakes etc. in rural areas and grew by 9.8% owing to successful implementation of Pradhan Mantri Ujjwala Yojana (PMUY). This coupled with voluntary surrender of PDS kerosene quota by some States led to 21% decline in Kerosene consumption. Increased air passenger traffic due to rising incomes, Government's push towards air connectivity to second rung cities and low-cost aviation improved Aviation fuel sales by 12.1%.

To leverage the combined strengths of National Oil companies, build scale, enhance efficiency and increase global competitiveness, Government of India is focused on creating synergy among the oil companies. Recently Government of India has announced its decision to consider strategic sale of its 51.11% of total paid up Equity holding in your Company to Oil and Natural Gas Corporation Ltd. (ONGC). It is envisaged that even upon proposed acquisition of GOI's equity holding in HPCL by ONGC, HPCL will continue to be a listed Central Government Public Sector Enterprise (CPSE) retaining its cultural uniqueness and Brand identity, distinct from ONGC.

The focus is to introduce new technologies, create a vibrant and investor friendly upstream sector for production of Oil & Gas, transform India into a Refining and Petrochemical hub, create a national natural gas grid, move to a market driven pricing, leverage technology for reducing costs, introduce innovative payment solutions and transition the country to a low carbon economy.

HPCL Performance

It gives me great pride and happiness to present the details of the financial and physical performance of your Company for the Financial year 2016-17, which, as I have already conveyed, is the best ever all-round performance of your Company since its formation.

Your Company has scaled a new peak in the year 2016-17 in its journey of continued excellence.

Financial

Your Company registered gross sales of Rs. 2,13,489 crore during 2016-17 and achieved the highest ever profit after tax of Rs. 6,209 crore which has substantially exceeded the previous high of Rs. 3,726 crore achieved last year by 67%. Your Company continues to be a Fortune Global 500 Company with a ranking of 384 and is ranked 48th in the list of Platts Top 250 Global Energy Companies.

The excellent financial performance led to increase in the earnings per share to Rs. 61.12 in 2016-17 from Rs. 36.68 in 2015-16.

Your Company has declared/proposed total dividend of Rs. 30.00 per share(ex-bonus) for 2016-17 and issued bonus shares twice for the year, the details of which I have already shared.

Borrowings continued to be low at Rs. 21,250 crore mainly on account of lower crude oil prices and were mainly short term, reducing the long term debt to equity ratio from 0.96:1 in the previous year to 0.51:1 as on 31st March 2017.

Recently during the month of July 2017, your Company made foray into the international bond market with the first foreign currency bond issue. I feel pride in sharing that the issue was oversubscribed by 6 times by attracting offers of over 3 billion US \$ against requirement of 500 Million US \$. This also witnessed the tightest priced public issuance for 10-year US \$ bond from the Indian oil and gas sector and also the tightest 10-year spread paid by an Indian corporate in the last decade in the international bond markets. The overwhelming success of the issue depicts your Company's inherent financial strength and confidence of investor community in your Company.

The results of 2016-17 have made us more ambitious about our future, and confident of continuing the performance momentum. Financial results of the first Quarter of 2017-18 bear testimony to our continuous endeavor towards performance excellence.

Physical

Both refineries at Mumbai and Visakh maximized crude processing and achieved the highest ever combined refining throughput of 17.81 million tonnes with a capacity utilization of 113%. Your Company's refineries achieved combined Gross Refining Margin of US \$ 6.20 per barrel during 2016-17.

Refineries also recorded the highest ever production of Petrol, Diesel, LPG, Bitumen & Lube Oil Base Stock with the lowest ever specific energy consumption. Both refineries put in enormous efforts to ensure uninterrupted supply of Petrol and Diesel while simultaneously preparing to upgrade infrastructure, and successfully supplied Petrol and Diesel conforming to BS IV specifications from 1st April 2017.

Your Company excelled further in sales performance by achieving the highest ever total sales volume of 35.2 million tonnes with a sales growth of 2.9%.

In Retail Sales, your Company continued to deliver excellent performance with a total sales volume of 22.8 million tonnes, and a growth of 1.3% in total motor fuels despite heightened competitive intensity in fuel retailing market. Various customer centric initiatives helped in enhancing total motor fuel sales. It gives me pleasure to convey that HPCL has launched 99 Octane rating Petrol to cater to the premium segment which will boost branded petrol sales.

In LPG sales, your Company continued its number two position with highest ever sales volume of 5.63 million tonnes and a double digit growth of 11.1%. Your Company continues to be market leader in Non-Domestic Bulk LPG segment with over 46% of market share. During the last year your company has issued 87 lacs new LPG connections out of which 53 lacs connections were issued to PMUY beneficiaries. As of date the total LPG connections provided to BPL families under PMUY scheme is over 75 lakh.

In the competitive lubricants segment, your Company continues to be India's largest Lube marketer for the fourth consecutive year. During the year, there was a systematic process to appoint channel partners to increase presence in bazaar and MSME segment, which helped grow total lubricants sales by 9.5% to 607 TMT.

The strategy to concentrate on maximizing volumes in focus products of Fuel Oil, Consumer Diesel and Bitumen helped your Company to outperform industry growth and cross 1 million tonne sales in each of these three products in the same year for the second consecutive year, and helped grow Industrial & Consumer sales by 5.4% to 5.51 MMT.

In the rapidly expanding aviation fuel segment, your Company recorded a sales volume of 691 TMT with a substantial growth of 13.4%. I am happy to share that your Company is supplying Jet fuel to most of the scheduled domestic airlines in the country.

Operations & Distribution team has effectively & efficiently managed the supply chain network of Pipelines, Terminals and Depots to make products reach to various demand centers across the country while ensuring quality, timeliness and safety which played a key role in maximizing the sales of your Company. Distribution network of your Company handled over 47 MMT of petroleum products during the year at the lower operating cost through various productivity enhancement initiatives.

Following the Government's thrust on the Ethanol Blending Program (EBP), Your Company achieved ethanol blending ratio of 3.5% in 2016-17 and has recorded Biofuel blended Diesel sales of 210 Thousand Kilo Liter through 773 retail outlets during the year.

Your Company is effectively leveraging its pipeline network to reap multiple benefits in product distribution including cost efficiency, carbon footprint reduction and enhanced safety. Highest ever pipeline throughput of 17.91 million tonnes was achieved during the year which helped in optimizing the logistics cost. Newly commissioned Rewari-Kanpur Pipeline became the first cross country pipeline in the country which is fully protected through PIDS (Pipeline leak detection system).

In the area of renewable energy, your Company has achieved wind energy generation of 96.2 Million kWh from its Wind Farm projects set up in Maharashtra and Rajasthan. In addition, total 21,648 Nos of Renewable Energy Certificates (REC) were accrued during 2016-17.

For imparting technical education and promoting research activities in Energy sector, your Company in consortium with other Oil PSUs has set up "Indian Institute of Petroleum & Energy (IIFE)" at Visakhapatnam. In line with Skill India initiative a "Skill Development Institute (SDI)" was set up in Andhra Pradesh for training unemployed youth and enhancing their vocational skills. To support the Startup India initiative, your Company has launched 'HP Startup' Scheme.

To support the digitalization of economy, your Company has undertaken proactive measures across all facets of business activities. Various e-initiatives like cashless payment facilities at retail outlets through various mobile wallets and online payment platforms, migration of subscription vouchers of 4.3 crore LPG consumers to Digi-Locker platform, on-line and cashless payment facilities for LPG refill have been implemented.

To create presence in the new business line of Natural gas, your Company has got registration with the Empowered Pool Management Committee (EPMC) which will enable your Company to supply RLNG to fertilizer industry in India.

The excellence in performance across all spheres of business has resulted in your Company being bestowed with a number of prestigious national and international awards during the year. To name a few ; "Oil & Gas Marketing Company of the Year 2016" & the coveted "Responsibly Growing Corporate of the Year 2016" by Federation of Indian Petroleum Industry (FIPI), SCOPE Meritorious awards for "Environmental Excellence and Sustainable Development" & "Best Women Empowered Company" and "Platts Global Energy Award 2016 for Corporate Social Responsibility".

All operating subsidiaries and joint ventures of your Company achieved robust physical and financial growth in their respective business spheres which resulted into highest ever consolidated net profit of Rs 8,236 crore for HPCL, registering a growth of 76.2% over the previous year.

Projects Completed during the year

To achieve growth and cater to the increasing fuel demand, your Company is strategically investing in infrastructure across the oil & gas value chain.

I am happy to convey that our Hon'ble Prime Minister dedicated the newly commissioned 443 KM long Rewari-Kanpur Pipeline with receiving terminal at Kanpur to the Nation in December 2016.

Another significant milestone was the commissioning of 355 km long Mangalore-Hassan-Mysore-Yediyur LPG Pipeline. This is the first LPG pipeline commissioned by your Company and will help in catering to the growing LPG demand in southern India and reduce the transportation cost in an environment friendly manner.

The state of the art Green Research & Development Center (HPGRDC) at Bengaluru built at a cost of approx. Rs. 395 crore was dedicated to the Nation by Hon'ble Minister of State (Independent charge), Petroleum & Natural Gas on 14th October 2016. The R&D Centre will help your Company create value by developing innovative technologies and products. HPGRDC has filed 13 Indian and International patents during 2016-17 taking total patents filed by HPCL so far to 68.

Turnaround activities were completed on time at Mumbai and Visakh refineries which helped in maximizing the throughput and consequent GRMs. In our effort to reduce Sulphur emission, Tail Gas Treating Unit (TGTU) was commissioned at Visakh Refinery and mechanically completed at Mumbai Refinery.

The POL supply infrastructure was augmented by commissioning a new Tank Wagon Decantation Facility at Mughalsarai depot in Uttar Pradesh & a new Tank Truck Gantry at Manmad depot in Maharashtra.

LPG infrastructure was strengthened with the commissioning of a new 60 TMTA LPG bottling plant at Bhopal. Storage & bottling capacity expansion projects were completed at Ajmer, Loni and Patna LPG Plants taking the total installed LPG bottling capacity to 4.4 million metric tonne per annum.

To leverage the business opportunity from regional connectivity scheme introduced by Government of India, aviation fuel facilities were set up at Dehradun, Jaipur, Pune and Vijayawada and supplies to Bengaluru Airport were augmented by providing hook-up to ATF pipeline.

To align to the vision of transiting to a low carbon economy, a 50.5 MW wind power project was commissioned in Rajasthan.

HSE and Sustainability

Safety is an essential component of strategy in your Company, and is an integral part of all facets of business activities.

A number of sustainability development projects like Green belt development, recycling of waste water, rain water harvesting, LED lighting, Solar Photo Voltaic Power Plants at marketing locations and various energy conservation schemes at Refineries were completed during the year.

Your Company is reporting its social and environmental performance through publication of annual Sustainability Reports since the financial year 2011-12. The 5th Sustainability Report for the year 2015-16, duly assured on AA1000 assurance standard has been published.

Corporate Social Responsibility

In line with the vision to be a model of excellence and help drive inclusive growth, your Company continues to work responsibly for the development of the under-privileged communities and empowerment of marginalized sections of the society.

During 2016-17, your Company expanded its reach to bring happiness in the lives of over 36,000 people across the country through community interventions in areas of Childcare, Healthcare, Education and Skill Development.

Under Swachh Vidyalaya Abhiyaan, 191 toilets were constructed in government schools during 2016-17, taking the total number to 1436 toilets across 15 states. In addition, a number of Swachh Bharat activities including Shram Daan, Walkathons, Cleanliness drives, Tree Plantation and Community Awareness Campaigns etc. were undertaken at various locations across the country during the year.

Internal Control and Risk Management

Your Company has robust internal control processes for smooth and efficient conduct of business and has adopted a well-defined risk management process. Review of risks including crude supply disruption, crude price volatility, foreign exchange exposure, intensity of competition etc. are being regularly monitored for suitable risk mitigation plans and interventions.

Corporate Governance

Your Company is committed to maintain high corporate governance standards and has developed a culture of transparent, fair and accountable governance practices. Thrust is on sustained value creation for all stakeholders and strengthening the bond of trust and confidence in stakeholder relations.

Provisions stipulated in SEBI Listing regulations relating to Corporate Governance requirements have been complied with.

People

Your Company firmly believes that employees are the most valuable asset. This belief is translated into action through a number of initiatives for improving engagement, capability building & leadership development to enhance the competencies of the workforce and prepare them to meet the future challenges.

I take this opportunity to acknowledge the contribution of all our employees engaged in the spirit of HP FIRST, the proactive support by the unions & staff in ensuring safe & efficient operations and collaboration for introduction of new technology and best practices.

Strategy & Business Plans

The many accomplishments that HPCL has achieved during 2016-17, are a result of well calibrated strategic choices. Our continued excellence in performance and improving financial strength is testimony to the choices made by your Company in terms of strategies and the direction.

The details of the initiatives for achieving operational excellence & growth and the on-going infrastructure projects have been detailed in the Management Discussion and Analysis (MDA) section of the Annual report.

Integrated Margin management ensured focussed attention for adding value to the Corporation by achieving the core objective of maximizing the Net Corporate Realization (NCR).

To continue the growth momentum and position your Company ahead of performance curve, a strategic plan named "T20" was formulated during the year. "T20" strategy is aimed at creating value in the eyes of customers and for achieving exponential growth & accelerated profit by focusing on distinct identified themes keeping safety and integrity at the core of all operations.

Your Company is focussed on enhancing the Refinery foot print to increase self-sufficiency, diversify into the profitable segment of petrochemicals, strengthen and expand the core business of Refining and Marketing and create presence in the future business line of Natural gas for achieving growth and superior financial performance.

To increase competitiveness, your Company has undertaken investments for enhancing refining capacity. Visakh Refinery Modernization Project (VRMP) has received Environmental clearance for enhancing the refinery capacity from 8.33 MMTPA to 15 MMTPA at a cost of Rs 20,928 crore. It includes bottom upgradation facilities and will make Refinery capable of producing BS VI compliant motor fuels. It will improve the complexity of the Refinery and add to the overall GRM. Under Mumbai Refinery expansion Project (MREP) refinery capacity is being enhanced from 7.5 MMTPA to 9.5 MMTPA with capabilities to produce BS VI fuels at a cost of Rs.4199 Crore. Project activities for both the projects are on track.

Your Company has recently signed a Revised Memorandum of Understanding and Joint Venture Agreement with Government of Rajasthan for setting up of a 9 MMTPA Refinery cum Petrochemical Complex at Barmer, Rajasthan at a cost of Rs. 43,129 crore. In this Joint venture HPCL holds 74% stake while Government of Rajasthan holds 26% stake. This will be the first integrated grass root Refinery cum Petrochemical complex being set up in the country capable to cater to BS VI fuel specifications right from inception.

Your Company is also participating in the 60 MMTPA Integrated Refinery-cum-Petrochemical complex at west coast in Maharashtra with 25% equity partnership. A Memorandum of Understanding is also signed with Government of Andhra Pradesh for setting up of a 1.3 MMTPA Petrochemical complex at Kakinada in Joint Venture with GAIL (India) Ltd.

To grow our presence in the new and attractive Petrochemicals business and develop a resilient business portfolio especially considering addition of Petrochemical manufacturing facilities to the Company in future, your Company has formed a marketing group for petrochemicals.

New pipeline projects planned include capacity expansions of Visakh-Vijayawada-Secunderabad Pipeline, Mundra Delhi Pipeline and Ramanmandi Bahadurgarh Pipeline. Extension line from Palanpur to Vadodara including a Green field Terminal at Vadodara and another extension line from Vijayawada to Dharmapuri with a Green field Terminal at Dharmapuri have also been approved. Project activities for all the projects are under progress.

To strengthen the presence in natural gas business, your Company is investing through Joint Venture companies in 3 Natural Gas pipelines and a 5 MMTPA LNG Regasification terminal at Chhara in Gujarat. Your Company is also expanding its CGD network through participation in CGD biddings to cater to the growing gas demand.

Your Company has plans to judiciously expand the renewable portfolio and will capture the value opportunities in upstream business through strategic investments.

With huge potential of growth amidst rising energy demand in country and due to low per capita consumption base, Oil & Gas sector is poised for an exciting and challenging future. Your Company is adapting to this changing energy mix and is well positioned to create value for all the stakeholders in the future business environment with a Capex of over Rs. 61,000 Crore over 5 years period.

Acknowledgement

Ladies and Gentlemen, before I conclude, I on behalf of the Board of Directors would like to thank the Ministry of Petroleum & Natural Gas, other Ministries and Departments of the Government of India and various State Governments for their valuable guidance and counsel and look forward to their continued support. We also acknowledge the support received from various local authorities in smooth conduct of our business.

My fellow directors and I are thankful to all the shareholders for their support and confidence reposed in us. I thank you for taking time to be with us today.

I thank all our customers, dealers, distributors and all our business associates who are an integral part of our business. I sincerely thank all our employees for their relentless efforts and commitment.

I wish to acknowledge the contribution made by previous Director (Refineries) Shri B K Namdeo and previous Director (Marketing) Shri Y K Gawali.

I also take this opportunity to thank my colleagues on the Board for their mature counsel.

I look forward to continued involvement and collaborative working with all our stakeholders to keep alive our legacy of touching lives and delivering happiness.

Thank You

Place: Mumbai
Dated: September 15, 2017

Mukesh Kumar Surana
Chairman & Managing Director