Tata Chemicals North America Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report March 31, 2020 and 2019

Tata Chemicals North America Inc. and Subsidiaries
Index
March 31, 2020 and 2019

KPMG LLP
Suite 1500
15 W. South Temple
Salt Lake City, UT 84101

Independent Auditors' Report

To the Board of Directors of
Tata Chemicals North America Inc.:

We have audited the accompanying consolidated financial statements of Tata Chemicals North America Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tata Chemicals North America Inc. and its subsidiaries as of March 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, in fiscal 2020, the Company adopted new accounting guidance for the accounting for leases, Accounting Standards Codification Topic 842 – *Leases*. Our opinion is not modified with respect to this matter.

KPMG LLP

Salt Lake City, Utah
May 22, 2020

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Income
Years Ended March 31, 2020 and 2019

(in thousands)	2020	2019
Net revenues	$ 479,974	$ 481,597
Cost of revenues - excluding depreciation	353,522	362,527
Cost of revenues - depreciation and amortization	27,703	20,227
Total cost of revenues	381,225	382,754
Selling, general and administrative expense	21,164	21,241
Loss on disposition of long-lived assets	132	1,811
Operating profit	77,453	75,791
Interest expense, net	12,465	11,194
Unrealized loss on interest rate swaps	171	663
Unrealized (gain) on natural gas futures	-	(1,980)
Unrealized loss on foreign currency hedge	-	709
Release of GCCL liability (Note 10)	-	(16,433)
Other (income) expense, net	664	(631)
Income before tax provision	64,153	82,269
Provision for income taxes	2,124	1,382
Net income	62,029	80,887
Net income attributable to noncontrolling interest	26,067	26,325
Net income attributable to Tata Chemicals North America Inc.	$ 35,962	$ 54,562

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended March 31, 2020 and 2019

(in thousands)	2020	2019
Net income	$ 62,029	$ 80,887
Other comprehensive income, net of tax expense		
Defined benefit plan and other adjustments, net of tax of $3,865 and $787	(20,722)	291
Unrealized loss on natural gas hedge, net of tax $417	(2,134)	-
Net gain reclassified from accumulated other comprehensive income into income	142	-
	39,315	81,178
Comprehensive income		
Less: Comprehensive income attributable to the noncontrolling interest	21,646	26,739
Comprehensive income attributable to Tata Chemicals North America Inc.	$ 17,669	$ 54,439

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2020 and 2019

(in thousands, except share data)	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 91,701	$ 99,518
Receivables, net of allowance for doubtful accounts of $200 and $200 (Note 7 &15)	76,809	79,756
Due from related parties	21,871	-
Income tax receivable - current (Note 9)	17,803	-
Inventories (Note 7)	22,565	18,132
Prepaid expenses and other current assets	1,498	3,999
Total current assets	232,247	201,405
Property, plant, and equipment, net (Note 5)	244,614	213,686
Goodwill (Note 4)	122,658	122,658
Income tax receivable - non current (Note 9)	-	31,450
Intangible assets—net (Note 4)	86	292
Deferred tax assets, net	1,893	7,256
Other assets (Note 7)	14,871	13,585
Total assets	$ 616,369	$ 590,332
Liabilities		
Current liabilities		
Accounts payable	$ 28,954	$ 30,020
Current portion of long-term debt	224,258	-
Due to related parties	-	146
Current portion of finance lease obligation (Note 16)	7,037	-
Accrued liabilities (Note 7)	26,278	24,304
Total current liabilities	286,527	54,470
Finance lease obligation, net of current portion (Note 16)	11,449	-
Other liabilities (Note 7)	132,524	111,331
Long-term debt, net of current portion (Note 8)	-	223,290
Total liabilities	430,500	389,091
Commitments and Contingencies (Note 17)		
Equity		
Tata Chemicals North America Inc. equity:		
Common stock, $0.01 par value; 1,000 shares authorized 100 shares issued and outstanding at March 31, 2020 and 2019		
Additional paid-in capital	228,841	228,847
Accumulated other comprehensive loss	(43,163)	(24,733)
Accumulated deficit	(59,564)	(64,984)
Total Tata Chemicals North America Inc. equity	126,114	139,130
Noncontrolling interest	59,755	62,111
Total equity	185,869	201,241
Total liabilities and equity	$ 616,369	$ 590,332

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended March 31, 2020 and 2019

(in thousands)	2020	2019
Cash flows from operating activities		
Net income	$ 62,029	$ 80,887
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	27,703	20,227
Provision of bad debt	-	(108)
Amortization of intangible assets	206	426
Amortization of financing fees	1,602	1,586
Other expense - joint venture	-	50
Release of GCCL Liability	-	(16,433)
Deferred tax provision	3,112	2,385
Changes in asset retirement obligation estimates	(256)	710
Equity in income taxes of affiliate	(7)	2
Unrealized hedge gains (losses)	2,423	(3,552)
Loss on disposal of assets	132	1,811
Changes in assets and liabilities		
Decrease in receivables from trade and related parties	3,495	1,346
Decrease in income tax receivables	13,647	-
(Increase) decrease in inventories	(4,433)	5,159
(Decrease) in accounts payable	(6,497)	(2,310)
(Decrease) in accrued liabilities	(2,714)	(2,936)
Increase (decrease) in other liabilities	733	(4,547)
Decrease in prepaid expenses and other current and non-current assets	1,198	14,283
Net cash provided by operating activities	102,373	98,986
Cash flows used in investing activities		
Capital expenditures	(28,549)	(37,742)
Advance to parent	(20,000)	-
Additional contributions to joint venture	-	(50)
Net cash used in investing activities	(48,549)	(37,792)
Cash flows used in financing activities		
Repayment of debt	-	(183)
Finance lease payments	(7,241)	-
Financing fees paid	(634)	-
Dividends	(30,000)	(20,000)
Cash distributions to noncontrolling interest	(23,766)	(19,775)
Net cash used in financing activities	(61,641)	(39,958)
(Decrease) increase in cash and cash equivalents	(7,817)	21,236
Cash and cash equivalents		
Beginning of year	99,518	78,282
End of year	$ 91,701	$ 99,518
Supplemental information		
Cash paid for interest	$ 12,384	$ 11,372
Cash paid for amounts included in measurement of lease liabilities		
Financing cash flow from finance leases	$ 7,241	$ -
Non-cash investing activities		
Accounts payable and accrued liabilities incurred to acquire property and equipment	$ 8,974	$ 3,549
ROU asset increase related to adoption of ASC 842	$ 24,035	$ -
Liabilitiy increase related to adoption of ASC 842	$ 24,980	$ -
Assets obtained in exchange for lease obligations	$ 1,310	$ -
Reductions to assets resulting from retirement of lease obligations	$ (556)	$ -

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended March 31, 2020 and 2019

(in thousands)	Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholder's Equity	Noncontrolling Interest	Total Equity
Balance—April 1, 2018	100	$ -	$ 228,845	$ (24,608)	$ (99,546)	$ 104,691	$ 55,147	$ 159,838
Net Income	-	-	-	-	54,562	54,562	26,325	80,887
Dividends	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Distribution to noncontrolling interest	-	-	-	-	-	-	(19,775)	(19,775)
Other comprehensive income / (loss)	-	-	2	(125)	-	(123)	414	291
Balance—March 31, 2019	100	$ -	$ 228,847	$ (24,733)	$ (64,984)	$ 139,130	$ 62,111	$ 201,241
Cumulative effect of accounting change	-	-	-	-	(542)	(542)	(237)	(779)
Balance after cumulative effect of accounting change	100	-	228,847	(24,733)	(65,526)	138,588	61,874	200,462
Net Income	-	-	-	-	35,962	35,962	26,067	62,029
Dividends	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Distribution to noncontrolling interest	-	-	-	-	-	-	(23,766)	(23,766)
Other comprehensive loss	-	-	(6)	(18,430)	-	(18,436)	(4,420)	(22,856)
Balance—March 31, 2020	100	$ -	$ 228,841	$ (43,163)	$ (59,564)	$ 126,114	$ 59,755	$ 185,869

See notes to consolidated financial statements.

(in thousands)

1. Basis of Presentation

Description of Business
Tata Chemicals North America Inc. and subsidiaries, ("TCNA" or the "Company") is a leading North American manufacturer and supplier of natural soda ash to a broad range of industrial and municipal customers. The primary end markets for soda ash include glass production, sodium-based chemicals, powdered detergents, water treatment, and other industrial end uses.

On March 27, 2008, TCNA was acquired by a subsidiary of Tata Chemicals Limited ("TCL"). Subsequent to the acquisition agreement and plan of merger with TCL, TCNA became a wholly owned subsidiary of Valley Holdings, Inc. ("VHI"), a United States subsidiary of TCL. The consolidated financial statements of TCNA are prepared on a historical cost basis and do not reflect the pushdown of the acquisition of TCNA by TCL.

For the purposes of these consolidated financial statements, fiscal 2020 is defined as the year ended March 31, 2020 and fiscal 2019 is defined as the year ended March 31, 2019

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2. Summary of Significant Accounting Policies

Basis of Consolidation
The accompanying consolidated financial statements reflect the results of operations, financial position and cash flows of the Company, including wholly owned subsidiaries and Tata Chemicals (Soda Ash) Partners Holdings and subsidiaries ("TCSAP Holdings") of which the Company owns 75%. The Andover Group, Inc. ("Andover"), an indirect wholly owned subsidiary of Owens-Illinois, Inc. owned the remaining 25% interest in TCSAP Holdings until December 19, 2019, at which time VHI purchased the 25% interest from Andover. Intercompany balances and transactions are eliminated in consolidation.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include useful lives of assets, valuation of deferred tax assets, valuation of goodwill, assumptions related to pension and postretirement obligations, cash flow estimates used to test recoverability of assets and the estimated asset retirement obligation. Actual results could differ from those estimates.

Receivables and Allowance for Doubtful Accounts
Accounts receivable are recorded at the invoiced amount and do not bear interest. Management periodically reviews customer's credit history and extends credit accordingly. The Company records a provision for estimated losses based upon historical experience. Additionally, the Company will establish a specific allowance for doubtful accounts when it becomes aware of a specific customer's inability or unwillingness to meet its financial obligations.

(in thousands)

Income Taxes
The Company recognizes Income taxes using the separate return method for the amount of taxes payable for the current year and deferred tax assets and liabilities for the future tax consequence of events that have been recognized differently in the consolidated financial statements than for tax purposes. Deferred tax assets and liabilities are established using statutory tax rates expected to apply when differences are expected to be settled or realized and are adjusted for tax rate changes. Deferred tax assets are valued at the amount that is more likely than not to be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records estimated interest and penalties related to unrecognized tax benefits, if any, as a component of income tax provision.

Inventories
Inventories are stated at the lower of cost or net realizable value, with cost being determined using the average cost method. Product inventory costs include depreciation, maintenance, labor, energy, material and factory overhead.

Property, Plant and Equipment
Most of the property, plant and equipment are carried at cost and are depreciated using the straight-line method, using estimated lives which range from 2 to 50 years. The mineral leases are depreciated using the units-of-production method. Leasehold improvements are amortized over the lesser of the useful life of the asset or term of the lease. Major additions and improvements are capitalized, while costs for minor replacements, maintenance and repairs that do not increase the functionality or useful life of an asset are expensed as incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is recorded.

Property, Plant, and Equipment useful lives

Land improvements	5 to 20 years
Buildings	10 to 30 years
Furniture & fixtures	7 to 10 years
Office equipment	5 to 10 years
Computers & software	3 to 5 years
Machinery & equipment	5 to 20 years
Mineral leases	Units of production over group's life
Panel belting	2 to 4 years
Mainline belting	5 years
Mines & quarries	10 to 50 years

Impairment of Long-Lived Assets
Long-lived assets are evaluated for recoverability whenever events or changes in circumstances indicate that an asset may have been impaired. In evaluating an asset for recoverability, we estimate the future undiscounted cash flows expected to result from the use of the asset and eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the asset, management would write the asset down to fair value and record impairment charges, accordingly.

(in thousands)

The estimation of fair value is measured by discounting expected future cash flows. The recoverability assessment related to long-lived assets requires judgments and estimates of future revenues, gross margin rates and operating expenses. The Company bases these estimates upon its past and expected future performance. The Company believes its estimates are appropriate in light of current market conditions. However, future impairment charges could be required for certain long-lived assets if the Company does not achieve its current revenue or cash flow projections.

Goodwill and Intangible Assets
Goodwill is not amortized into results of operations, but instead is reviewed for impairment. The Company records impairment losses on goodwill and other intangible assets based upon an annual review of the value of the assets or when events and circumstances indicate that the asset might be impaired and when the carrying value of the asset is more than its fair value. The Company's estimates of fair value are based upon its current operating forecast, which the Company believes to be reasonable. Significant assumptions that underlie the fair value estimates include future growth rates and weighted average cost of capital rates. Different assumptions regarding the current operating forecast could materially affect the estimate. Intangible assets, other than goodwill, are attributable to long-term customer relationships and patents and are being amortized on a straight-line basis over periods ranging from 12.75 to 15 years, which estimates the economic useful lives of these assets.

Deferred Financing Costs
Deferred financing costs associated with debt issues are offset against long-term debt and are amortized over the terms of the related debt using the effective interest and the straight-line method, which approximates the effective interest method.

Asset Retirement Obligations
The Company provides for the expected costs to be incurred for the eventual reclamation of properties pursuant to local laws. The Company accounts for its land reclamation liability as an asset retirement obligation, which requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an asset retirement obligation, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over time, the liability is accreted to its future value each period, and the capitalized costs of the related long-lived assets are depreciated over their estimated useful lives. An entity ultimately either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

Royalties
Trona reserves are mined pursuant to lease arrangements with various landowners. Such arrangements generally provide for royalty or severance tax payments based on the selling price of soda ash. Royalties and severance taxes are included as a component of cost of revenues.

Cash and Cash Equivalents
The Company's cash and cash equivalents include cash and short-term highly liquid investments with an original maturity of three months or less. The Company maintains cash and cash equivalents in bank deposit and money market accounts that may exceed federally insured limits. The financial institutions where the Company's cash and cash equivalents are held are generally highly rated. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

(in thousands)

Derivative Financial Instruments
Derivative financial instruments are used to mitigate natural gas purchase price and interest rates. Interest rate contracts are marked-to-market with unrealized gains and losses being recognized immediately as non-operating income and expense. Natural gas contracts are accounted for by hedge accounting with unrealized gains and losses being held on the balance sheet in accumulated other comprehensive income and accrued liabilities. Realized gains and losses are recognized within interest expense and cost of revenues respectively, in the period incurred. The Company does not hold or issue derivative instruments for trading purposes.

Foreign Currency Translation
Cumulative translation adjustments, arising primarily from consolidating the assets and liabilities of the Company's foreign operations at current rates of exchange as of the respective balance sheet date, are applied directly to equity and are included as part of accumulated other comprehensive income or loss. Income and expense items for the Company's foreign operations are translated using monthly average exchange rates. Upon complete sale or liquidation of an investment, cumulative translation adjustments are removed from equity and reported in the consolidated statements of income as part of the gain or loss on the sale or liquidation.

Revenue Recognition
Effective April 1, 2019, the Company adopted Accounting Standards Codification ("ASC") Topic 606, Revenue *from Contracts with Customers* ("Topic 606") using the modified retrospective method applied to those contracts which were not completed as of March 31, 2019. Results for reporting periods beginning after April 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under ASC Topic 605, *Revenue Recognition*.

There were no cumulative effect adjustments recorded to the consolidated balance sheet, including accumulated deficit, as of April 1, 2019, upon adoption of Topic 606.

Our Soda Ash sales division consists of the mining, processing, and sale of soda ash products. Revenues are recognized when the Company satisfies the performance obligation to transfer products to customers, which typically occurs at a point in time upon shipment of the products, and for an amount that reflects the transaction price that is allocated to the performance obligation.

The Company has applied the shipping and handling practical expedient to treat all shipping and handling activities as fulfillment activities as the Company views these costs as costs to fulfill the customers' orders. Fees for shipping and handling charged to customers for sales transactions are including in Net revenues on the consolidated statements of income. When control over products has transferred to the customer, the Company has elected to recognize costs related to shipping and handling as an expense.

The Company's payment terms vary by the type of customer and the products offered. The term between invoicing and due date is not significant.

Unit price is determined at the time of the purchase order and is generally established on a customer-by-customer basis annually.

Employee Medical Benefits
The Company is self-insured for expenses relating to employee medical benefits. All employees have an option to participate in the Company's self-funded comprehensive medical care benefits

(in thousands)

program. The cost of medical care is paid out of employee and employer contributions. The Company has purchased stop-loss coverage in order to limit its exposure to any significant individual medical claims. Self-insured medical costs are accrued based upon actuarial assumptions and the Company's historical experience.

Environmental Matters
The Company is subject to extensive federal, state, and local environmental laws and regulations. These laws, which change frequently, regulate or propose to regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of such substances. Environmental expenditures, which can include fines, penalties and certain corrective actions, are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Liabilities for expenditures are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

Non-controlling Interest
The Company accounts for non-controlling interests as a component of equity in the consolidated financial statements.

Reclassifications
Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassified amounts were not material to the financial statements. Reclassifications have been made on the statements of income to include steam sales, electricity sales, and purge sales as net revenue instead of as offsets to cost of revenue – excluding depreciation.

Leases
The Company adopted Topic 842 on April 1, 2019, using the modified retrospective approach. The adoption of Topic 842 resulted in an increase in long-term finance lease obligations of $17,813; an increase in current finance lease obligations of $7,167; an initial recognition of financing leases for right of use ("ROU") assets of $24,035 which was included in property, plant, and equipment; an increase to deferred tax assets of $166; a decrease in non-controlling interest of $237; and an increase of $542 in accumulated deficit as the cumulative effect of adoption.

As a result of the adoption, the Company has changed its accounting policy for lease accounting. The Company determines if an arrangement is, or contains, a lease at contract inception. The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments. Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to

(in thousands)

pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow on a collateralized basis, it uses the interest rate it pays on its noncollateralized borrowings as an input to deriving an appropriate incremental borrowing rate, the lease term and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease.

The lease term for all of the Company's leases includes the noncancelable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Lease payments included in the measurement of the lease liability comprise of the following:

– Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties the Company would owe if the lease term assumes Company exercise of a termination option);
– Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
– Amounts expected to be payable under a Company-provided residual value guarantee; and
– The exercise price of a Company option to purchase the underlying asset if the Company is reasonably certain to exercise the option.

The right of use (ROU) asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Company or the Company is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

Variable lease payments associated with the Company's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented as operating expense in the Company's consolidated statements of income in the same line item as expense arising from fixed lease payments (operating leases) or amortization of the ROU asset (finance leases).

ROU assets for operating and finance leases are periodically reduced by impairment losses and the Company evaluates the ROU asset for impairment loss using the same methodology as for long-lived assets.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would

(in thousands)

reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Finance lease ROU assets are included in property, plant, and equipment. During the year ended March 31, 2020, the current portion of finance lease liabilities is included in current portion of finance lease obligations and the long-term portion is included in long term portion of finance lease obligation.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term equipment leases as an expense on the consolidated statements of income. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other Company leases.

The Company has lease agreements with lease and non-lease components under the definition of Topic 842. Upon adoption of Topic 842, the Company elected a practical expedient not to separate the lease and non-lease components for its leases for physical space and equipment and accounts for them as a single lease component.

Recent Accounting Pronouncements

Other Adopted accounting pronouncements

In March 2017, the FASB issued ASU 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The new guidance requires companies with sponsored defined benefit pension and/or other postretirement benefit plans to present the service cost component of net periodic benefit cost in the same income statement line item as other compensation costs. The other components of net periodic benefit cost will be presented separately and not included in operating income. In addition, only service costs are eligible to be capitalized as an asset.

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. The Company makes certain assumptions it believes that market participants would use in pricing assets or liabilities, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The credit risk of the Company and its counterparties is incorporated in the valuation of assets and liabilities using credit reserves, the impact of which is immaterial for the years ended March 31, 2020 and 2019. The Company believes it uses valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full

(in thousands)

term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include cash equivalents, pension assets, and derivative instruments. The Company's derivative liabilities consist of interest rate swaps and commodity futures contracts.

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2020:

	Fair Value Measurements		
	Level 1	Level 2	Total
Assets:			
Cash equivalents	$ 91,701	$ -	$ 91,701
Non-qualified pension asset	1,394	-	1,394
Total	$ 93,095	$	$ 93,095
Liabilities:			
Interest rate swaps	-	157	157
Commodity future contracts	-	2,751	2,751
Total	$ -	$ 2,908	$ 2,908

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2019:

	Fair Value Measurements		
	Level 1	Level 2	Total
Assets:			
Cash equivalents	$ 99,518	$ -	$ 99,518
Interest rate swaps		14	14
Non-qualified pension asset	1,443	-	1,443
Total	$ 100,961	$ 14	$ 100,975
Liabilities:			
Commodity future contracts	-	343	343
Total	$ -	$ 343	$ 343

(in thousands)

Cash Equivalents and Non-Qualified Pension Assets
Cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value table are comprised of investments in money market funds. Non-qualified pension assets include investments in listed equity securities. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized as Level 1 in the fair value hierarchy.

Interest Rate Swaps and Commodity Futures Contracts
The inputs used in valuing interest rate swaps include quoted prices for similar assets in active markets and inputs that are observable for the asset, and accordingly, the Company classifies these derivative liabilities as Level 2 in hierarchy. The natural gas contracts are based on a regional basis forward price quoted by a third-party service, and accordingly, the Company classifies these derivative liabilities as Level 2 in hierarchy.

4. Goodwill and Intangible Assets

A summary of intangible assets subject to amortization as of March 31, 2020 and 2019 is as follows:

	2019	2018	Useful Life
Customer relationships	$ 6,390	$ 6,390	15 years
Patents	24	24	12.75 years
	6,414	6,414	
Accumulated amortization	6,328	6,122	
Intangible assets—net	$ 86	$ 292	

For the years ended March 31, 2020 and 2019, the Company recognized $206 and $426 of amortization expense, respectively. The amortization expense for 2021 is $86.

The Company has $122,658 in goodwill at March 31, 2020 and 2019 that is not subject to amortization. The Company evaluates this goodwill for impairment on an annual basis. There was no impairment of goodwill for the years ending March 31, 2020 and 2019.

(in thousands)

5. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2020 and 2019 are comprised of the following:

	2020	2019
Land and improvements	$ 37,348	$ 37,348
Buildings and leasehold improvements	47,081	46,181
Machinery and equipment	308,305	285,872
Construction-in-progress	18,196	11,579
Mines and quarries	31,858	28,503
Total gross owned assets	442,788	409,483
Less: Accumulated depreciation	215,541	195,797
Total net owned assets	227,247	213,686
Leased - Equipment	$ 20,493	$ -
Leased - Buildings	4,169	-
Total gross leased assets	24,662	-
Less: Accumulated depreciation	7,295	-
Total net leased assets	17,367	-
Total net assets	$ 244,614	$ 213,686

For the years ended March 31, 2020 and 2019, the Company recognized $20,280 and $20,227 of depreciation expense relating to owned assets, respectively. For the years ended March 31, 2020 and 2019, the Company recognized $7,423 and $0 of depreciation expense relating to leased assets, respectively.

6. Accumulated Other Comprehensive Loss

The following table sets forth the components of accumulated other comprehensive loss as of March 31, 2020 and 2019:

	2020	2019
Pension and post retirement plan benefits, net of taxes of $24,086 and $20,221	$ (41,650)	$ (24,716)
Natural gas hedges, net of taxes of $417 and $0	$ (1,496)	
Cumulative foreign currency translation adjustment	(17)	(17)
Total accumulated other comprehensive loss	$ (43,163)	$ (24,733)

(in thousands)

7. Additional Financial Information

The summaries of selected balance sheet items as of March 31, 2020 and 2019 are as follows:

	2020	2019
Receivables		
Trade	$ 71,287	$ 74,635
Other	5,722	5,321
Allowance for doubtful accounts	(200)	(200)
	$ 76,809	$ 79,756
Inventories		
Raw materials	$ 9,124	$ 11,376
Work-in-process	100	100
Finished products	13,341	6,656
	$ 22,565	$ 18,132
Other Assets		
Pension asset	$ 1,394	$ 1,443
Inventory - stores	13,088	11,453
Long-term deposit	389	689
	$ 14,871	$ 13,585
Accrued Liabilities		
Wages, salaries, and benefits	$ 8,963	$ 8,229
Property, production and other taxes	9,213	9,643
Unrealized loss for interest rate swaps and natural gas futures	2,751	343
Other	5,351	6,089
	$ 26,278	$ 24,304
Other Liabilities		
Accrued pension obligations	$ 90,267	$ 63,520
Accrued other post-retirement benefits	11,275	16,664
Asset retirement obligation	23,296	23,508
Accrued other	7,686	7,639
	$ 132,524	$ 111,331

8. Debt

On August 9, 2013, the Company entered into a credit agreement with several lenders led by J.P. Morgan Chase Bank, N.A. (“JPM”), as administrative agent. The credit agreement provided for a $340,000 credit facility, composed of a $315,000 term loan (“Term loan”) with a 7 year term and a $25,000 revolving line of credit (“Revolver”) with a 5 year term. The borrowing under this facility bears interest at either London Interbank Offered Rate (“LIBOR”) plus applicable margin or an alternate base rate based upon the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds

(in thousands)

Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBOR for a one month Interest Period on such day plus 1%. The term loan effective rate as of March 31, 2020 was 4.375%. The applicable margin on the Term loan and Revolver is 2.75% per annum on LIBOR borrowings and 1.75% per annum on alternate base rate loans. The Term loan and the Revolver, after being extended in June of 2018, now both mature on August 9, 2020.

The Term loan is secured by a first-priority interest in the Company's 75% interest in TCSAP Holdings, the Company's assets, and equity interest in foreign subsidiaries (TCNA (UK) Limited). The Term loan is subject to certain covenants including, but not limited to, maintaining a Net Debt to EBITDA ratio of under 3.25 and an EBITDA to net cash interest expense ratio of over 3.5. If the Net Debt to EBITDA ratio rises above 2.25 at fiscal year-end, excess cash sweeps to repay portions of the term loan are required. As of March 31, 2020 and 2019, the Company had $225,300 and $225,300 of total debt remaining outstanding under the Term loan; offset by $1,042 and $2,010 of deferred finance fees, respectively. The Company has not drawn upon its Revolver.

As of March 31, 2020, the Company is in the process of refinancing the Term loan. The Company believes that completion of the refinance of the Term loan is expected to occur within the next year. Until the refinance is complete, TCL has provided a letter of comfort to guarantee the full amount of the outstanding debt.

9. Income Taxes

Income tax expense (benefit) for the years ended March 31, 2020 and 2019 is summarized below:

	2020	2019
Current		
Federal	$ (1,096)	$ (1,045)
State	108	28
Foreign		15
Total current	(988)	(1,002)
Deferred		
Federal	3,020	2,242
State	92	142
Total deferred	3,112	2,384
Total	$ 2,124	$ 1,382

(in thousands)

A summary of the components of deferred tax assets and liabilities is as follows:

	2020	2019
Pension and post retirement benefits	$18,086	$13,230
Alternative Minimum Tax ("AMT")		9,267
Nondeductible accruals	607	1,574
Lease liabilities	941	
Other	26	15
Deferred tax assets	19,660	24,086
Valuation allowance	284	
Net deferred tax assets	19,376	24,086
Depreciation	1,935	2,159
Partnership basis cancelation of debt loss	3,231	3,173
Intangible assets	19	64
Right of use assets	855	
Partnership basis	11,443	11,434
Deferred tax liabilities	17,483	16,830
Net deferred tax assets	$ 1,893	$ 7,256

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security Act, referred to herein as the CARES Act, as a response to the economic uncertainty resulting from the 2019 novel coronavirus pandemic. The CARES Act includes modifications for net operating loss carryovers and carrybacks, limitations of business interest expense for tax, immediate refund of alternative minimum tax (AMT) credit carryovers as well as a technical correction to the Tax Cuts and Jobs Act of 2017, referred to herein as the U.S. Tax Act, for qualified improvement property. These provisions did not have a material impact to the Company, as the Company had no net operating losses, except the immediate AMT credit refund. The Company reclassified the AMT credit deferred tax to income tax receivable on the financial statements.

For the year ended March 31, 2020, the Company's effective income tax rate is lower than the statutory Federal income tax rate principally due to mineral depletion.

For the year ended March 31, 2019, the Company's effective income tax rate is lower than the statutory Federal income tax rate principally due to mineral depletion, release of a valuation allowance on AMT tax credits, and to the recognition of book income (without tax effect) in connection with the release of a negative investment in its Canadian subsidiary, GCCL (See Note 10).

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. Based on this evaluation, as of March 31, 2020, a valuation allowance of $284 has been recorded for disallowed interest deferred tax asset that is more likely than not to not be realized.

The Company has assessed the realizability of the net deferred tax assets as of March 31, 2020 and in that analysis has considered the relevant positive and negative evidence available to determine

(in thousands)

whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income through the reversal of existing deferred tax liabilities and projected taxable income. The Company believes that it is more likely than not that there will be sufficient taxable income in the future that the Company's deferred tax assets will be realized, except for the following. The Company has a valuation allowance for certain deferred tax assets of $0.3 million as of March 31, 2020. The valuation allowance pertains to Section 163(j) interest disallowance carryforwards as of March 31, 2020.

The Company files a consolidated U.S. federal income tax return with its parent VHI. Additionally, as required by state and local tax law, the Company files various state and local tax returns in these jurisdictions on a consolidated or combined basis with VHI. Other state and local income tax returns are filed on a standalone basis.

The Company files income tax returns in the US federal jurisdictions, various state jurisdictions and various foreign jurisdictions (UK and Canada). With few exceptions, the Company is not subject to audit by taxing authorities for the calendar years ended prior to December 31, 2016. The Company does not expect its unrecognized positions to change significantly over the next year.

10. GCCL Liquidation and Deconsolidation

General Chemical Canada Ltd. ("GCCL") was a Canadian corporation that owned and operated a chemical manufacturing facility located in Ontario, Canada. Chemical production was terminated in April of 2001. On January 19, 2005, GCCL applied for relief under the Canada's Companies' Creditors Arrangement Act ("CCAA") and, on that date, the court granted GCCL's request for CCAA protection. On November 18, 2005, GCCL was assigned into bankruptcy in accordance with Canada's Bankruptcy and Insolvency Act. As a result of the CCAA filing, TCNA had a loss of control over the financial and operating decisions of GCCL that were exercised by the court-appointed trustee. Therefore, GCCL was deconsolidated as of January 19, 2005, and the investment was accounted for under the cost method. TCNA had an overall negative net investment in GCCL due to accumulated losses. The Company was carrying the net negative investment in the amount of $16,433 in the deconsolidated subsidiary on its consolidated balance sheets until March 31, 2019.

During the year ended March 31, 2019, the case was concluded under the Canadian bankruptcy and insolvency Act, and the trustee was dismissed by the court and TCNA was released from all potential obligations. Accordingly, TCNA reversed the liability and recognized other (non-operating) income of $16,433 in 2019. This gain recognition had no tax effect.

11. Commodity Futures Contracts, Interest Rate Swaps and Foreign Currency Forward Contracts

The Company enters into commodity futures contracts related to forecasted natural gas requirements that are used in the manufacturing process of its products, the objectives of which are to secure supply and limit the effects of fluctuations in the future market price paid for natural gas and in the related volatility in cash flows. The maturities of the contracts are timed to coincide with the expected usage of the gas.

In April 2019, the Company met the requirements to account for its natural gas hedges under hedge accounting. For years prior to April 2019, the Company recognized changes in the fair value of its natural gas hedges in the consolidated statements of income. For the year ended March 31, 2020 the Company reported a realized gain of $142 and an unrealized gain of $1,980 for the year ended March 31, 2019, in the consolidated statements of income for natural gas contracts. Liabilities

(in thousands)

associated with the commodity futures contracts of $2,751 and $343 are included within accrued liabilities in the consolidated balance sheets at March 31, 2020 and 2019, respectively. As of March 31, 2020, the notional amounts of the natural gas futures are $19,337 expiring in July 2022.

The Company enters into interest rate swaps to manage its exposure to interest rate variations on its floating-rate borrowings. The objective is to reduce its exposure to variability attributable to changes in the 3-month LIBOR rate underlying its LIBOR-indexed floating-rate debt (See Note 8).These interest rate swaps are not designated as hedges and are marked to fair value with the resulting unrealized gains or losses recorded in other income – net in the accompanying consolidated statements of income. Realized gains and losses are included with interest expense.

At March 31, 2020, the Company has one remaining interest rate swap that began on November 1, 2013 and ends on August 7, 2020:

Maturity Date	Interest Rate	Notional Amount
8/7/2020	2.4220%	40,000,000
Total		$ 40,000,000

For the years ended March 31, 2020 and 2019, the Company reported unrealized losses of $171 and $663, respectively, in the consolidated statements of income for interest rate swaps. As of March 31, 2020 and 2019, the Company included a liability of $157 and an asset of $14, respectively for the fair value of interest rate swaps.

The Company entered into foreign currency forward contracts to manage its exposure to foreign exchange rate variations related to its sales denominated in foreign currencies. The objective was to reduce variability in earnings and cash flows caused by changes in foreign exchange rates related to foreign-currency-denominated sales, principally the pound sterling. These foreign currency forward contracts were marked to fair value with the resulting gains or losses recorded in other expense, net in the accompanying consolidated statements of income.

As of March 31, 2020 and March 31, 2019, the Company had no outstanding foreign currency forward contracts. For the year ended March 31, 2019, the Company reported an unrealized loss of $709 in the consolidated statements of income.

12. Pension Plans and Other Postretirement Benefits

The Company maintains several defined benefit pension plans covering substantially all employees hired prior to February 1, 2017. Salaried defined benefit plans were frozen to new entrants effective September 6, 2016 and hourly defined benefit plans were frozen to new entrants effective July 1, 2017. A participating employee's annual postretirement pension benefit is determined by the employee's credited service and, in most plans, final average annual earnings with the Company. Vesting requirements are two years. The Company's funding policy is to annually contribute the statutorily required minimum amount as actuarially determined. The Company also maintains several plans providing other postretirement benefits covering substantially all hourly and certain salaried employees hired prior to July 1, 2017 and February 1, 2017, respectively, these plans also not being available to new entrants after these dates. The Company recognizes actuarially determined liabilities for these benefits, but funds these benefits on a pay-as-you-go basis. The accumulated

(in thousands)

benefit obligation for all defined benefit plans was $263,683 and $248,932 as of March 31, 2020 and 2019, respectively.

The Company recorded adjustments to other comprehensive income of $(20,722) and $291, net of tax of $3,865 and $787, with corresponding changes in noncontrolling interest of $(4,420) and $414 and a decrease of $16,934 and $125 in accumulated other comprehensive income (loss) for the years ended March 31, 2020 and 2019, respectively.

As noted in the table below, pension expenses for the years ended March 31, 2020 and 2019 were $5,342 and $5,837, respectively; and other postretirement benefit expenses were $(229) and $0, respectively. TCSAP’s Net periodic benefit cost is included in cost of sales. TCNA’s Net periodic benefit cost is included in selling, general, and administrative expense.

(in thousands)

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Components of net periodic benefit cost				
Service cost	$ 5,028	$ 5,188	$ 212	$ 269
Interest cost	10,370	10,341	571	750
Expected return on plan assets	(12,427)	(11,996)		
Amortization of unrecognized:				
Prior service cost	174	174	(898)	(910)
Actuarial loss (gain)	2,197	2,130	(114)	(109)
Net periodic benefit cost	$ 5,342	$ 5,837	$ (229)	$
Change in benefit obligation				
Benefit obligation - beginning of year	$ 260,874	$ 260,472	$ 17,927	$ 20,550
Service cost	5,028	5,188	212	269
Interest cost	10,370	10,341	571	750
Plan amendments			(4,592)	
Actuarial (gain)/loss	13,120	(775)	(594)	(2,656)
Benefits paid	(12,212)	(11,749)	(1,237)	(1,215)
Retiree Drug Subsidy				186
Liab (gain)/loss due to curtailment		(2,603)		42
Projected Benefit obligation - end of year	$ 277,180	$ 260,874	$ 12,287	$ 17,926
Change in plan assets				
Fair value of assets - beginning of year	$ 197,078	$ 193,956	$	$
Actual return on plan assets	(5,588)	5,873		
Employer contributions	7,360	8,998	1,237	1,215
Benefits paid	(12,212)	(11,749)	(1,237)	(1,215)
Fair value of assets - end of year	$ 186,638	$ 197,078	$	$
Reconciliation of funded status				
Funded status	$ (90,542)	$ (63,796)	$ (12,287)	$ (17,926)
Net amount accrued	$ (90,542)	$ (63,796)	$ (12,287)	$ (17,926)
Net amount accrued in current liabilities	(277)	(277)	(1,012)	(1,263)
Net amount accrued in other liabilities	(90,267)	(63,520)	(11,275)	(16,664)

The estimated net actuarial loss and prior service cost for the pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ending March 31, 2021 are $3,500 and $115, respectively.

The estimated net actuarial loss and prior service credit for the postretirement plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ending March 31, 2021 are $(106) and $(1,196), respectively.

(in thousands)

The amounts recognized in accumulated other comprehensive loss as of March 31, 2020 and 2019, before accumulated tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Prior service cost/(credit)	$ 865	$ 1,039	$ (14,305)	$ (10,612)
Net actuarial loss/(gain)	84,843	55,905	(1,857)	(1,377)
Total	$ 85,708	$ 56,944	$ (16,162)	$ (11,989)

The amounts recognized in other comprehensive income during the years ended March 31, 2020 and 2019, before tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Net actuarial loss/(gain)	$ 31,135	$ 2,745	$ (594)	$ (2,613)
Prior service cost			(4,592)	
Reversal of amortization item:				
Net actuarial (gain)/loss	(2,197)	(2,130)	114	109
Prior service (cost)/credit	(174)	(174)	898	2,555
Total recognized in comprehensive income (loss)	$ 28,764	$ 441	$ (4,174)	$ 51

Assumptions
The weighted-average assumptions used to determine net periodic benefit cost were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Discount rate	4.09 %	4.11 %	4.00 %	4.05 %
Expected long-term return on plan assets	6.25 %	6.25 %	N/A	N/A
Rate of compensation increase	5.3–8.4%	4.5–9.0%	N/A	N/A

The weighted-average assumptions used to determine the benefit obligation were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Discount rate	3.64 %	4.09 %	3.58 %	4.00 %
Rate of compensation increase	5.3–8.4%	5.3–8.4%	N/A	N/A

(in thousands)

The discount rate for each plan is determined by discounting the plan's expected future benefit payments using a yield curve developed from high quality bonds as of the measurement date. The yield curve calculation matches the notional cash inflows or hypothetical bond portfolio with the expected benefit payments to arrive at an effective rate.

To determine the expected long-term rate of return on plan assets, the Company considers the current and expected asset allocation, as well as historical and expected returns on each plan asset class.

Assumed health care cost trend rates as of March 31, 2020 and 2019 were as follows:

	2020	**2019**
Health care cost trend rate assumed for next year	7.00 %	7.25 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0 %	5.0 %
Year that the rate reaches the ultimate trend rate	2027	2027

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following annual effects:

	Percentage Point Increase	**Percentage Point Decrease**
Effect on total of service and interest cost	$ 0	$ 0
Effect on postretirement benefit obligation	1	(1)

The dates used to measure plan assets and liabilities were March 31, 2020 and 2019 for all plans.

For healthy lives, the Company measured benefit obligations using the 2006 base rates from the RP-2014 mortality study for employees and healthy annuitants, projected generationally with MP-2018 Projection Scale with blue and white collar adjustments by individual in selecting mortality assumptions as of March 31, 2020.

For disabled lives, the Company measured benefit obligations using the 2006 base rates from the RP-2014 mortality study for disabled retirement mortality, projected generationally with MP-2018 Projection Scale in selecting mortality assumptions as of March 31, 2020.

Plan Assets
Pension plan assets are invested primarily in stocks, bonds, short-term securities and cash equivalents. The assets of the Company's defined benefit plans are managed on a commingled basis in a Master Trust. The investment policy and allocation of the assets in the Master Trust were approved by the Company's Investment Committee, which has oversight responsibility for the Company's retirement plans.

(in thousands)

The following details the asset categories including target allocations for the pension plan as of March 31, 2020 and 2019:

	2020		2019	
	Actual Allocation	**Target Allocation**	**Actual Allocation**	**Target Allocation**
Asset Category				
Equity Securities	49 %	51 %	51 %	51 %
Debt Securities	47 %	45 %	45 %	45 %
Other	5 %	4 %	5 %	4 %

The pension fund assets are invested in accordance with the statement of Investment Policies and Procedures adopted by the Company, which are reviewed annually. Pension fund assets are invested on a going-concern basis with the primary objective of providing reasonable rates of return consistent with available market opportunities, a quality standard of investment, and moderate levels of risk. The expected rate of return is expected to be 6.25% over rolling ten-year periods. This expected rate of return is estimated upon an analysis of historical returns with consideration for the current economic environment.

Contributions
The Company expected to contribute $10,858 to its pension plan and $1,012 to its other postretirement benefit plans for the year ending March 31, 2021. The Company has elected to use the overfunding balance to meet the 2021 minimum contribution obligations. As such, the Company is not expecting to contribute the full amount to the pension plan. Since the other postretirement benefit plans are pay-as-you-go, the $1,012 estimated contributions to these plans remain unaffected.

Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	**Other Benefits**
Years ending March 31,		
2021	$ 12,971	$ 1,012
2022	13,488	710
2023	14,011	723
2024	14,515	725
2025	14,836	702
2026–2030	77,748	3,407

(in thousands)

Fair Values

The fair values of the Company's plan assets as of March 31, 2020, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Cash and cash equivalents	$	$ 1,294	$	$ 1,294
Fixed income securities	15,711	71,136		86,847
Preferred securities		31		31
Equity securities	7,071	83,823		90,893
Futures contracts	482			482
Real estate investments trusts		7,055		7,055
Private equity			36	36
Total	$ 23,264	$ 163,339	$ 36	$ 186,638

The following table provides further details of Level 3 fair value measurements:

	Private Equity
Beginning balance - April 1, 2019	$ 70
Total realized/unrealized (losses) gains	(34)
Purchases, sales and settlements	
Ending balance - March 31, 2020	$ 36

The fair values of the Company's plan assets as of March 31, 2019, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Cash and cash equivalents	$	$ 774	$	$ 774
Fixed income securities	14,740	73,113		87,853
Preferred securities		205		205
Equity securities	8,087	91,763		99,849
Futures contracts	242			242
Real estate investment trusts		8,085		8,085
Private equity			70	70
Total	$ 23,069	$ 173,940	$ 70	$ 197,078

(in thousands)

The following table provides further details of Level 3 fair value measurements:

	Private Equity
Beginning balance - April 1, 2018	$ 91
Total realized/unrealized (losses) gains	(69)
Purchases, sales and settlements	48
Ending balance - March 31, 2019	$ 70

Valuation
Cash and cash equivalents are held in a commingled fund utilizing various underlying pricing sources.

Fixed income securities are primarily valued using a market approach utilizing various underlying pricing sources and methodologies.

Equity securities, exchange traded equity funds and real estate investment trusts are valued using a market approach based on quoted market prices for similar instruments.

Private equity investments for which readily determinable prices do not exist are valued using either the market or income approach by the General Partner. In establishing the estimated fair value the following are taken into consideration: a reasonable time for liquidation of the investment, the financial condition and operating results of the underlying portfolio company, the nature of the investment, restriction on marketability, market conditions and other factors the General Partner deems appropriate.

Other Defined Contribution Plans
The Company also sponsors defined contribution retirement savings plans. Participation in one of these plans is available to substantially all represented and non-represented employees. The Company matches employee contributions up to certain predefined limits for non-represented employees based upon eligible compensation and the employee's contribution rate. The Company's contribution to these plans was $823 and $796 for the years ended March 31, 2020 and 2019, respectively.

13. Asset Retirement Obligation

The Company provides for the expected costs to be incurred for the eventual reclamation of mining properties pursuant to local law. All estimates are determined by a third-party contractor who specializes in mine closure evaluations. In the current year, a new contractor was selected to evaluate the plan, which resulted in a $1,306 reduction to the overall closure estimate. Included in long-term liabilities as of March 31, 2020 and 2019 were $23,296 and $23,508, respectively, related to these asset retirement obligations. Changes in the carrying amounts of the asset retirement obligation were as follows:

(in thousands)

	2020	2019
Balance - beginning of year	$ 23,508	$ 22,798
Change in estimate	$ (1,306)	$ 72
Accretion expense	1,094	638
Balance - end of year	$ 23,296	$ 23,508

14. Variable Interest Entity (VIE)

The consolidated financial statements include a variable interest entity (“VIE”), ALCAD, for which the Company is the primary beneficiary.

ALCAD is an equally-owned joint venture between Tata Chemicals (Soda Ash) Partners (the “Partnership”) and Church & Dwight, Inc. (“C&D”) (collectively, the “Partners”). The significant activities of ALCAD include (a) managing trona reserves dedicated to it by the Partners, (b) extraction of trona for conversion into soda ash (which ALCAD has outsourced to the Partnership) and (c) distribution of soda ash exclusively to C&D. The Partnership was determined to be the primary beneficiary of ALCAD as it has control over the all significant activities of ALCAD. The Partnership has the obligation to absorb losses and the right to receive benefits from ALCAD that could be significant to ALCAD.

During the years ended March 31, 2020 and 2019, this VIE earned income of $17,529 and $17,053, respectively, under the contractual arrangements between the Partners, 50% of which was recorded as net income attributable to noncontrolling interests in the consolidated statements of income.

The liabilities recognized as a result of consolidating the VIE’s do not necessarily represent additional claims on the general assets of the Partnership outside of the VIE’s; rather, they represent claims against the specific assets of the consolidated VIE. Conversely, assets recognized as a result of consolidating the VIE do not necessarily represent additional assets that could be used to satisfy claims against the Partnership's general assets. There are no restrictions on the VIE’s assets that are reported in the Partnership’s general assets. The total consolidated VIE assets and liabilities reflected in the Company’s consolidated balance sheets are as follows:

	2020	2019
Accounts receivable	$ 5,663	$ 5,524
Total assets	$ 5,663	$ 5,524
Accrued expenses	$ 617	$ 602
Intercompany payable	$ 5,046	$ 4,922
Total liabilities	$ 5,663	$ 5,524
Payables eliminated through consolidation	$ (5,046)	$ (4,922)
Total Consolidated liabilities	$ 617	$ 602

(in thousands)

The total accounts receivable of $5,663 and $5,524 are recorded in receivables as of March 31, 2020 and 2019. The minority interest payable of $617 and $602 are recorded in accrued liabilities as of March 31, 2020 and 2019.

15. Related Party Transactions

Soda Ash Supply Agreement
The Company has soda ash supply agreements with Owens-Illinois Inc. and its affiliates ("O-I"). These agreements set forth the terms and conditions for the Company to supply O-I with soda ash, at established market rates, over the life of the partnership agreement. These agreements include no specific volume requirements. On December 19, 2019, O-I sold its portion of TSPH to VHI at which time it ceased to be a related party; therefore, all transactions after December 31, 2019 are not considered to be related party transactions. For the years ended March 31, 2020 and 2019, sales related to these agreements amounted to $61,189 and $89,367, respectively. As of March 31, 2019, amounts due under these agreements totaled $16,063, and are included in receivables. Included in these amounts are sales under the trade finance agreement with Tata Chemicals International Pte Limited ("TCIPL"). Beginning April 2015, TCIPL provides financing for the sale of soda ash by TCSAP to Owens Illinois subsidiary companies in Latin America and Asia Pacific ("O-I LATAM"). TCSAP remains responsible for servicing the O-I LATAM accounts including negotiating pricing, logistical support and quality. TCIPL directly incorporates a finance charge into the final invoice to O-I LATAM. For the years ended March 31, 2020 and 2019, sales under these agreements amounted to $29,528 and $13,760, respectively. As of March 31, 2019, amounts due under these agreements totaled $5,311.

Other
In the ordinary course of business, the Company purchases from, reimburses costs of, and sells soda ash to subsidiaries of TCL. During the years ended March 31, 2020 and 2019, the purchases from and reimbursement of costs of these subsidiaries of TCL amounted to $857 and $1,442, respectively; and accounts payable amounted to $260 and $206 at March 31, 2020 and 2019, respectively. During the years ended March 31, 2020 and 2019, the sales to these subsidiaries of TCL, excluding sales to TCIPL amounted to $28,467 and $36,300, respectively and trade receivable at March 31, 2020 and 2019 amounted to $6,396 and $10,259, respectively.

As of March 31, 2020 and 2019, the Company has a related party payable with VHI included in accrued liabilities of $295 and $295, respectively, which relates to federal, state and local taxes payable. The Company also has a related party receivable with VHI related to audit fees, unclaimed dividend distribution, and cash for the O-I purchase of $22,166 and $149 as of March 31, 2020 and 2019, respectively. The related party receivable and payable with VHI will be settled when the refinance of the debt is complete.

(in thousands)

16. Leases

The Company is obligated under finance leases that expire at various dates during the next 16 years.

The following table provides the lease costs for the year ended March 31, 2020:

Finance lease cost	
Amortization of leased assets	$ 7,423
Interest on lease liabilities	1,075
Total finance lease cost	$ 8,498
Expensed lease cost	$ 3,055
Total Lease Cost	$ 11,553

Amounts reported in the consolidated balance sheet as of March 31, 2020 were as follows:

Finance leases	
Leased assets	$ 24,662
Accumulated amortization	(7,295)
Property, plant and equipment, net	$ 17,367
Current portion of lease liabilities	$ 7,037
Long-term portion of lease liabilities	11,449
Total finance lease liabilities	$ 18,486

Other information related to leases as of March 31, 2020 was as follows:

Weighted average incremental borrowing rates for the finance leases was 4.8%.

Future minimum rental payments for leases (primarily for transportation equipment, mining equipment, offices and warehouses) having initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2020 are as follows:

(in thousands)

Years ending March 31,		Leases
2021	$	7,770
2022		5,121
2023		3,047
2024		444
2025		370
Thereafter		4,819
Total minimum payments	$	21,571
Less imputed interest	$	(3,085)
Total	$	18,486

17. Commitments and Contingencies

The Company is involved in certain claims, litigation, administrative proceedings and investigations relative to environmental and other matters. Although the amount of any ultimate liability which could arise with respect to these matters cannot be accurately predicted, it is the opinion of management, based upon currently available information and the accruals established that any such liability will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

18. Subsequent Events

The Company has evaluated all events or transactions that occurred after March 31, 2020 through May 22, 2020, the date the consolidated financial statements were issued.

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In conjunction with various state and federal government recommendations, restrictions and advisories may have an impact on the Company's future operations and profitability of which are not determinable. Management continues to closely monitor the recommendations from public health agencies and government authorities and is implementing business continuity plans to reduce the risk and continue operations.

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