

# **Tata Chemicals North America Inc. and Subsidiaries**

**Consolidated Financial Statements and  
Independent Auditors' Report  
March 31, 2016 and 2015**

**Tata Chemicals North America Inc. and Subsidiaries**  
**Index**  
**March 31, 2016 and 2015**

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	<b>Page(s)</b>
<b>Independent Auditors' Report</b> .....	1-2
<b>Consolidated Financial Statements</b>	
Statements of Income.....	3
Statements of Comprehensive Income.....	4
Balance Sheets.....	5
Statements of Cash Flows.....	6
Statements of Changes in Shareholder's Equity (Deficit).....	7
Notes to Financial Statements.....	8-31

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholder of  
Tata Chemicals North America Inc. and Subsidiaries  
Rockaway, New Jersey

We have audited the accompanying consolidated financial statements of Tata Chemicals North America Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholder's equity (deficit) for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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 auditor's 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 Company'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 Company'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 Subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

June 8, 2016

**Tata Chemicals North America Inc. and Subsidiaries**  
**Consolidated Statements of Income**  
**Years Ended March 31, 2016 and 2015**

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<i>(in thousands)</i>	<b>2016</b>	<b>2015</b>
Net revenues	\$ 460,471	\$ 494,507
Cost of revenues	359,917	366,335
Selling, general and administrative expense	<u>18,833</u>	<u>21,981</u>
Operating profit	81,721	106,191
Interest expense, net	13,525	14,553
Unrealized loss on interest rate swaps	994	2,455
Unrealized (gain) loss on natural gas futures	(3,783)	4,939
Impairment of investment in joint venture	-	19,905
Equity loss from joint venture	-	1,042
Other expense, net	<u>2,484</u>	<u>706</u>
Income before tax provision	68,501	62,591
Provision for income taxes	<u>6,603</u>	<u>9,123</u>
Net income	61,898	53,468
Net income attributable to noncontrolling interest	<u>28,419</u>	<u>27,112</u>
Net income attributable to Tata Chemicals North America Inc.	<u>\$ 33,479</u>	<u>\$ 26,356</u>

See notes to consolidated financial statements.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended March 31, 2016 and 2015**

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	<b>2016</b>	<b>2015</b>
<i>(in thousands)</i>		
Net income	\$ 61,898	\$ 53,468
Other comprehensive income (loss), net of tax (expense) benefit		
Defined benefit plan adjustments, net of tax of \$(384) and \$9,677	479	(24,790)
Currency Translation Adjustment	<u>-</u>	<u>63</u>
Comprehensive income	62,377	28,741
Less: Comprehensive income attributable to the noncontrolling interest	<u>28,419</u>	<u>27,112</u>
Comprehensive income attributable to Tata Chemicals North America Inc.	<u>\$ 33,958</u>	<u>\$ 1,629</u>

See notes to consolidated financial statements.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**March 31, 2016 and 2015**

	2016	2015
<i>(in thousands, except share data)</i>		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 88,192	\$ 89,106
Short-term investment	-	30,000
Receivables (net of allowance for doubtful accounts of \$200)	85,416	98,921
Inventories	24,056	11,439
Prepaid royalties and other current assets	<u>19,277</u>	<u>19,762</u>
Total current assets	216,941	249,228
Property, plant, and equipment, net	162,047	145,741
Goodwill	122,658	122,658
Intangible assets—net	1,572	2,000
Other assets	<u>29,755</u>	<u>25,692</u>
Total assets	<u>\$ 532,973</u>	<u>\$ 545,319</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 33,949	\$ 38,427
Current portion of long-term debt	13,615	10,781
Accrued liabilities	<u>31,366</u>	<u>35,941</u>
Total current liabilities	78,930	85,149
Other liabilities	134,294	123,543
Net investment in deconsolidated subsidiary (Note 11)	16,433	16,433
Long-term debt	<u>265,768</u>	<u>298,706</u>
Total liabilities	<u>495,425</u>	<u>523,831</u>
Commitments and contingencies (Note 17)		
<b>Shareholder's equity (deficit)</b>		
Tata Chemicals North America Inc. shareholder's deficit:		
Common stock, \$0.01 par value; 1,000 shares authorized		
100 shares issued and outstanding at		
March 31, 2016 and 2015	-	-
Paid-in capital	228,806	228,806
Accumulated other comprehensive loss	(41,112)	(40,908)
Accumulated deficit	<u>(189,698)</u>	<u>(203,177)</u>
Total Tata Chemicals North America Inc. shareholder's deficit	(2,004)	(15,279)
Noncontrolling interest	<u>39,552</u>	<u>36,767</u>
Total shareholder's equity	<u>37,548</u>	<u>21,488</u>
Total liabilities and shareholder's deficit	<u>\$ 532,973</u>	<u>\$ 545,319</u>

See notes to consolidated financial statements.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended March 31, 2016 and 2015**

	2016	2015
<i>(in thousands)</i>		
<b>Cash flows from operating activities</b>		
Net income	\$ 61,898	\$ 53,468
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	15,955	14,345
Amortization of intangible assets	428	428
Amortization of financing fees	1,497	1,457
Impairment of investment in joint venture	-	19,905
Other expense - joint venture	1,981	-
Deferred tax benefit	(5,792)	(390)
Accretion of asset retirement obligation	828	688
Equity loss on investment in joint venture	-	1,042
Unrealized (gains) losses	(2,789)	7,394
Loss on sale of assets	273	184
Changes in assets and liabilities		
Decrease in receivables	13,505	8,016
(Increase) in inventories	(12,617)	(1,274)
(Decrease) in accounts payable	(1,830)	(2,245)
(Decrease) increase in accrued liabilities	(2,636)	7,621
Increase in other liabilities	7,126	477
Decrease (increase) in prepaid royalties and other current and non-current assets	333	(4,680)
Net cash provided by operating activities	<u>78,160</u>	<u>106,436</u>
<b>Cash flows used in investing activities</b>		
Capital expenditures	(31,539)	(27,022)
Sale (purchase) of short-term investments	30,000	(30,000)
Additional contributions to joint venture	<u>(1,084)</u>	<u>(1,655)</u>
Net cash used in investing activities	<u>(2,623)</u>	<u>(58,677)</u>
<b>Cash flows used in financing activities</b>		
Repayment of debt and capital lease obligations	(30,134)	(3,183)
Dividends	(20,000)	(20,000)
Cash distributions to noncontrolling interest	<u>(26,317)</u>	<u>(29,514)</u>
Net cash used in financing activities	<u>(76,451)</u>	<u>(52,697)</u>
Effect of exchange rate changes on cash	<u>-</u>	<u>62</u>
(Decrease) in cash and cash equivalents	(914)	(4,876)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>89,106</u>	<u>93,982</u>
End of year	<u>\$ 88,192</u>	<u>\$ 89,106</u>
<b>Supplemental information</b>		
Cash paid for income taxes	\$ 9,566	\$ 8,267
Cash paid for interest	12,495	13,355
<b>Non-cash investing activities</b>		
Accounts payable and accrued liabilities incurred to acquire property and equipment	\$ 5,366	\$ 8,014
Accrued liability related to Natronx railcar leases	\$ 897	\$ -

See notes to consolidated financial statements.



**Tata Chemicals North America Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Shareholder's Equity (Deficit)**  
**Years Ended March 31, 2016 and 2015**

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<i>(in thousands, except share data)</i>	<b>Shares</b>	<b>Common Stock</b>	<b>Paid-in Capital</b>	<b>Accumulated Other Comprehensive Income (loss)</b>	<b>Accumulated Deficit</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
<b>Balance—April 1, 2014</b>	100	\$ -	\$228,806	\$ (22,122)	\$ (209,533)	\$ 45,110	\$ 42,261
Net income	-	-	-	-	26,356	27,112	53,468
Distribution to noncontrolling shareholder	-	-	-	-	-	(29,514)	(29,514)
Dividends	-	-	-	-	(20,000)	-	(20,000)
Other comprehensive income	-	-	-	(18,786)	-	(5,941)	(24,727)
<b>Balance—March 31, 2015</b>	100	-	228,806	(40,908)	(203,177)	36,767	21,488
Net income	-	-	-	-	33,479	28,419	61,898
Distribution to noncontrolling shareholder	-	-	-	-	-	(26,317)	(26,317)
Dividends	-	-	-	-	(20,000)	-	(20,000)
Other comprehensive income	-	-	-	(204)	-	683	479
<b>Balance—March 31, 2016</b>	<u>100</u>	<u>\$ -</u>	<u>\$228,806</u>	<u>\$ (41,112)</u>	<u>\$ (189,698)</u>	<u>\$ 39,552</u>	<u>\$ 37,548</u>

See notes to consolidated financial statements.

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(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 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 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 financial statements, fiscal 2016 is defined as the year ended March 31, 2016 and fiscal 2015 is defined as the year ended March 31, 2015.

#### 2. Summary of Significant Accounting Policies

##### Basis of Consolidation

The accompanying consolidated financial statements reflect the results of operations and financial position 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 owns the remaining 25% interest in TCSAP Holdings. General Chemical Canada Ltd. ("GCCL") is not included and has been deconsolidated due to loss of control (See Note 11). Intercompany balances and transactions are eliminated in consolidation.

Immaterial Restatement – During the preparation of the Company's 2016 consolidated financial statements, management determined a revision was required to the previously reported Consolidated Statement of Income for the year ended March 31, 2015 to reclassify certain costs that were incorrectly classified within selling, general and administrative expenses to cost of revenues. Accordingly, the accompanying Consolidated Statement of Income for the year ended March 31, 2015 has been revised by decreasing selling, general, and administrative expenses and increasing cost of revenues by \$8,758, respectively, to correct the presentation of these costs in the prior year. This correction had no effect on the accompanying Consolidated Balance Sheet, Statement of Comprehensive Income, Cash Flows or Changes in Shareholder's Equity (Deficit) of the Company as of and for the year ended March 31, 2015.

##### Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include useful lives of assets, realization 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.

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(in thousands)

#### **Receivables and Allowance for Doubtful Accounts**

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management reviews a customer's credit history before extending credit. The Company records a provision for estimated losses based upon the inability of its customers to make required payments using historical experience and periodically adjusts these provisions to reflect actual 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 (e.g., bankruptcy filing).

#### **Fair Value of Financial Instruments**

The fair values of cash and cash equivalents, receivables, and accounts payable approximate their carrying values due to the short-term nature of the instruments. The carrying value of the Company's debt approximates fair value since its debt instruments are at a floating rate and management believes this reflects the terms and conditions that would be available in the market at March 31, 2016 and 2015.

#### **Income Taxes**

The Company accounts for income taxes under Financial Accounting Standards Board ("FASB") Accounting Codification Standard ("ASC") 740, *Income Taxes*. Income taxes are recognized 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 financial statements than for tax purposes. Deferred tax assets and liabilities are established using statutory tax rates and are adjusted for tax rate changes. The Company follows ASC 740, which clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. ASC 740 requires companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. For those tax positions where it is "not more likely than not" that a tax benefit will be sustained, no tax benefit is recognized. Where applicable, associated interest and penalties are also recorded.

#### **Inventory**

Inventory is stated at the lower of cost or market, with cost being determined using the average cost method. Production inventory costs include material, labor, and factory overhead. The Company provides inventory allowances based on excess and obsolete inventories determined primarily by future demand forecasts.

#### **Property, Plant and Equipment**

Certain 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 majority of mines, machinery and equipment are depreciated using the units-of-production method. Maintenance and repair costs are charged to expense 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 reported as income or expense, respectively.

#### **Impairment of Long-Lived Assets**

Management periodically evaluates the need to recognize impairment losses relating to long-lived assets in accordance with FASB ASC Topic 360, *Property, Plant and Equipment*. 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. The estimation

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(in thousands)

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 and written down and charged to results of operations only in the periods in which the recorded value of goodwill is more than its fair value. 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 recorded 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. However, different assumptions regarding the current operating forecast could materially affect the estimate. Intangible assets 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 being amortized over the terms of the related debt using the effective interest and the straight-line methods.

#### **Asset Retirement Obligations**

The Company provides for the expected costs to be incurred for the eventual reclamation of properties pursuant to local law. Reclamation costs are being accrued in accordance with FASB ASC 410, *Asset Retirement and Environmental Obligations*. 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 cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, an entity 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 land owners. Such arrangements generally provide for royalty payments based on the selling price of soda ash. Royalties 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.

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(in thousands)

#### **Derivative Financial Instruments**

Derivative financial instruments are used to mitigate natural gas purchase price and interest rate change exposure. All contracts are marked-to-market and are recognized within cost of revenues. 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 stockholder's 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 as part of the gain or loss on the sale or liquidation.

#### **Revenue Recognition**

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured. Revenue is recognized from product sales when title and risk of loss has passed to the customer consistent with the related shipping terms, generally at the time products are shipped. Included in net revenues and cost of revenues are related shipping and handling fees and costs.

#### **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 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 are constantly changing, 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.

#### **Noncontrolling Interest**

The Company accounts for noncontrolling interests under FASB ASC 810, *Consolidation*, which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This guidance also requires presentation on the face of the consolidated statement of income of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest, resulting in an increase to consolidated net income.

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(in thousands)

#### Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 (“ASU 2014-09”), *Revenue from Contracts with Customers* (Topic 606). This ASU supersedes the revenue recognition requirements in “Revenue Recognition (Topic 605),” and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The provisions of ASU 2014-09 are effective for annual periods beginning after December 15, 2018, including interim periods within that reporting period and are to be applied retrospectively; early application is not permitted. We are currently evaluating the effect that this ASU will have on our financial statements.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810)*. This ASU amends the guidance related to an entity's evaluation of whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments (1) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) eliminate the presumption that a general partner should consolidate a limited partnership; (3) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption, including adoption in an interim period, is permitted. We are currently evaluating the effect that this ASU will have on our financial statements.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (“ASU 2015-11”). ASU 2015-11 simplifies the subsequent measurement of inventory by requiring entities to remeasure inventory at the lower of cost and net realizable value, which is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This ASU does not apply to inventory measured using the Last-in, First-out or retail inventory method. This ASU is effective for annual periods beginning after December 15, 2016 and interim periods within annual periods beginning after December 15, 2017. We are currently evaluating the effect that this ASU will have on our financial statements.

In August 2015, the FASB issued ASU 2015-15, *Interest – Imputation of Interest* (“ASU 2015-15”) and in April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest* (“ASU 2015-03”). ASU 2015-15 and ASU 2015-03 change and simplify the presentation of debt issuance costs. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-15 stated that it would also be acceptable to present the debt issuance costs related to a line of credit arrangement as a direct deduction from the carrying amount of the debt. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for fiscal years beginning after December 15, 2015, and for interim periods within fiscal years beginning after December 15, 2016. We are currently evaluating the effect that this ASU will have on our financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”) which includes a lessee accounting model that recognizes two types of leases – finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet assets and liabilities for leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as finance or

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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(in thousands)

operating lease. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. We are currently evaluating the effect that this ASU will have on our financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* ("ASU 2106-08"), that clarifies that an entity is a principal when it controls the specified good or service before that good or service is transferred to the customer, and is an agent when it does not control the specified good or service before it is transferred to the customer. The effective date for this Update is the same as the effective date of Update 2104-09 (Revenue from Contracts with Customers (Topic 606). Accounting Standards Update No. 2015-14 (Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date) deferred the effective date of Update 2014-09 to annual periods beginning after December 15, 2018 and interim periods in the following fiscal year. Early adoption is permitted only as of the interim and annual reporting periods beginning after December 15, 2017. We are currently evaluating the effect that this ASU will have on our financial statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* ("ASU 2105-17"). ASU 2105-17 simplifies the presentation of deferred income taxes. The new guidance requires that all deferred tax liabilities and assets, along with any related valuation allowance, be classified as noncurrent on our consolidated financial position. This ASU is effective for annual periods beginning after December 2017, and interim periods within the fiscal years beginning after December 15, 2018. We have elected to adopt ASU 2015-17 for 2016, on a prospective basis, and our disclosure in Note 10 is presented accordingly.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

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(in thousands)

**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. Credit risk of the Company and its counterparties is incorporated in the valuation of assets and liabilities through the use of credit reserves, the impact of which is immaterial for the years ended March 31, 2016 and 2015. 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 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 derivative instruments. The Company's derivative liabilities consist of interest rate swaps and commodity futures contracts. The notional amounts of the interest rate swaps do not qualify risk or represent assets or liabilities of the Company, but are used in the determination of the cash settlement under the agreements. The counterparties to these swaps are major financial institutions. The Company does not anticipate nonperformance by these counterparties.

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2016:

	<b>Fair Value Measurements</b>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 88,192	\$ -	\$ 88,192
Short-term investments	-	-	-
Non-qualified pension asset	<u>2,351</u>	<u>-</u>	<u>2,351</u>
Total	<u>\$ 90,543</u>	<u>\$ -</u>	<u>\$ 90,543</u>
<b>Liabilities:</b>			
Interest rate swaps	\$ -	\$ 2,993	\$ 2,993
Commodity futures contracts	<u>-</u>	<u>1,144</u>	<u>1,144</u>
Total	<u>\$ -</u>	<u>\$ 4,137</u>	<u>\$ 4,137</u>



**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2015:

	<b>Fair Value Measurements</b>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 89,106	\$ -	\$ 89,106
Short-term investments	30,000	-	30,000
Non-qualified pension asset	<u>2,402</u>	<u>-</u>	<u>2,402</u>
Total	<u>\$ 121,508</u>	<u>\$ -</u>	<u>\$ 121,508</u>
<b>Liabilities:</b>			
Interest rate swaps	\$ -	\$ 1,999	\$ 1,999
Commodity futures contracts	<u>-</u>	<u>4,927</u>	<u>4,927</u>
Total	<u>\$ -</u>	<u>\$ 6,926</u>	<u>\$ 6,926</u>

**Cash and Cash Equivalents, Short-Term Investments 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. Short-term investments include investment with maturities of more than three months and less than twelve months when purchased. Short-term investments in the fair value table are comprised of investment 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 and commodity futures contracts are other than quoted prices in active markets that are either directly or indirectly observable over the terms of the instruments the Company holds, and accordingly, the Company classifies these net derivative liabilities as Level 2 in hierarchy.

**Nonrecurring Measurements**

As discussed in Note 6, Investment in Joint Venture, for the year ended March 31, 2015 represents an impairment charge of \$19,905 was recorded in Impairment in Joint Venture within the Consolidated Statements of Income related to the full impairment of the Natronx investment. The amount written-off was the cumulative capital contributions offset by the cumulative loss in investment.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

**4. Goodwill and Intangible Assets**

A summary of intangible assets subject to amortization as of March 31, 2016 and 2015 is as follows:

	<b>2016</b>	<b>2015</b>	<b>Useful Life</b>
Customer related	\$ 6,390	\$ 6,390	15 years
Patents	<u>24</u>	<u>24</u>	12.75 years
	6,414	6,414	
Accumulated amortization	<u>4,842</u>	<u>4,414</u>	
Intangible assets—net	<u>\$ 1,572</u>	<u>\$ 2,000</u>	

For the years ended March 31, 2016 and 2015, the Company recognized \$428 and \$428 of amortization expense, respectively. The estimated amortization expense for the years subsequent to March 31, 2016, is as follows:

**Years ending March 31,**

2017	\$ 427
2018	426
2019	426
2020	206
2021	<u>87</u>
Total	<u>\$ 1,572</u>

The Company has \$122,658 in goodwill at March 31, 2016 and 2015 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 ended March 31, 2016 and 2015.

**5. Property, Plant and Equipment**

Property, plant and equipment as of March 31, 2016 and 2015 are comprised of the following:

	<b>2016</b>	<b>2015</b>
Land and improvements	\$ 24,790	\$ 24,789
Buildings and leasehold improvements	36,617	32,125
Machinery and equipment	207,011	188,005
Construction-in-progress	12,540	11,265
Mines and quarries	<u>32,695</u>	<u>30,573</u>
	313,653	286,757
Less: Accumulated depreciation and amortization	<u>151,606</u>	<u>141,016</u>
	<u>\$ 162,047</u>	<u>\$ 145,741</u>

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

For the years ended March 31, 2016 and 2015, the Company recognized \$15,955 and \$14,345 of depreciation expense, respectively.

**6. Investment in Joint Venture**

Effective August 23, 2011, TCSAP Holdings, together with Tronox Corporation and Church and Dwight Co. Inc., has a one-third partnership interest in Natronx Technologies, LLC ("Natronx"). Natronx is a joint venture engaged in the development, commercialization, production, marketing, sale or distribution of dry injection sodium products for dry injection acid gas scrubbing markets. TCSAP Holdings accounts for Natronx under the equity method. Natronx started business during the third quarter 2012. TCSAP Holdings recorded a \$19,905 impairment charge associated with this investment during the year ended March 31, 2015. The charge, recorded in impairment of investment in joint venture, is primarily a result of the TCSAP Holdings assessment during the 4th quarter of 2015 of uncertainty surrounding the completion of the manufacturing facility and an estimated decrease in future market demand. The Board of Directors of Natronx has approved the termination of the Natronx business operations in March 2016. Discussions among the owners are proceeding regarding liquidation and dissolution of Natronx. Natronx estimates it will exit the business during the second quarter of 2017. During 2016, TCSAP Holdings has recorded additional contributions of \$1,084 and an accrued rail car lease liability of \$897 to Other expense, net in the income statement. The rail car lease liability represents the Company's share of rail car lease cost beyond the estimated exit date of the business. As of March 31, 2016 and 2015, the investment in Natronx is valued at \$0. Summarized financial information for the TCSAP Holdings investment in Natronx, follows:

**Natronx Technologies, LLC**

(In thousands)

	<b>2016</b>	<b>2015</b>
Current assets	\$ 772	\$ 914
Noncurrent assets	-	19,752
Current liabilities	647	761
TCSAP Holdings' equity in net loss	-	(1,042)

**7. Accumulated Other Comprehensive Loss**

The following table sets forth the components of accumulated other comprehensive loss as of March 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Pension and post retirement plan benefits, net of taxes of \$26,037 and \$26,421	\$ (41,095)	\$ (40,892)
Cumulative foreign currency translation adjustment	<u>(17)</u>	<u>(16)</u>
Total accumulated other comprehensive loss	<u>\$ (41,112)</u>	<u>\$ (40,908)</u>

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

**8. Additional Financial Information**

The summaries of selected balance sheet items as of March 31, 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>
<b>Receivables</b>		
Trade	\$ 78,772	\$ 92,373
Other	6,844	6,748
Allowance for doubtful accounts	<u>(200)</u>	<u>(200)</u>
	<u>\$ 85,416</u>	<u>\$ 98,921</u>
<b>Inventories</b>		
Raw materials	\$ 8,461	\$ 5,158
Work-in-process	100	100
Finished products	<u>15,495</u>	<u>6,181</u>
	<u>\$ 24,056</u>	<u>\$ 11,439</u>
<b>Accrued Liabilities</b>		
Wages, salaries, and benefits	\$ 6,501	\$ 7,999
Property, production and other taxes	8,709	8,748
Unrealized loss for interest rate swaps and natural gas futures	4,137	6,926
Due to related party (Note 16)	4,898	4,899
Other	7,098	7,347
Current portion of capital lease obligation	<u>23</u>	<u>22</u>
	<u>\$ 31,366</u>	<u>\$ 35,941</u>
<b>Other Liabilities</b>		
Accrued pension obligations	\$ 74,092	\$ 66,457
Accrued other post-retirement benefits	31,512	32,580
Asset retirement obligation	20,823	16,353
Accrued other	7,834	8,097
Capital lease obligation, less current portion	<u>33</u>	<u>56</u>
	<u>\$ 134,294</u>	<u>\$ 123,543</u>

**9. 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 provides for a \$340,000 credit facility, composed of a \$315,000 term loan ("Term loan") and a \$25,000 revolving line of credit ("Revolver"). 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 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 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.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

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 Company's term loan is subject to certain covenants including, but not limited to, certain provisions that restrict the Company's ability to make capital expenditures. The net proceeds of the loan were utilized to pay-off \$313,559 of principal and interest costs related to an existing term loan. As of March 31, 2016 and 2015, the debt outstanding under this agreement was \$279,383 and \$309,488, respectively.

The aggregate maturities of debt for each of the five years subsequent to March 31, 2016, are as follows:

<b>Years ending March 31,</b>	
2017	\$ 13,615
2018	-
2019	-
2020	-
2021	<u>265,768</u>
Total	<u>\$ 279,383</u>

**10. Income Taxes**

Income tax expense for the years ended March 31, 2016 and 2015 are summarized below:

	<b>2016</b>	<b>2015</b>
<b>Current</b>		
Federal	\$ 11,019	\$ 9,350
State	1,369	163
Foreign	<u>6</u>	<u>-</u>
Total current	<u>12,394</u>	<u>9,513</u>
<b>Deferred</b>		
Federal	(5,610)	(2)
State	<u>(181)</u>	<u>(388)</u>
Total deferred	<u>(5,791)</u>	<u>(390)</u>
Total	<u>\$ 6,603</u>	<u>\$ 9,123</u>

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

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

	<b>2016</b>	<b>2015</b>
Pension and post retirement benefits	\$ 30,618	\$ 25,744
Alternative Minimum Tax ("AMT")	30,451	26,908
Nondeductible accruals	862	1,192
Other	<u>1,111</u>	<u>572</u>
Deferred tax assets	63,042	54,416
Valuation allowance	<u>30,451</u>	<u>26,908</u>
Net deferred tax assets	<u>32,591</u>	<u>27,508</u>
Depreciation	4,662	4,666
Partnership basis cancelation of debt loss	5,504	5,359
Intangible assets	563	678
Partnership basis	<u>11,108</u>	<u>11,458</u>
Deferred tax liabilities	<u>21,837</u>	<u>22,161</u>
Net deferred tax assets	<u>\$ 10,754</u>	<u>\$ 5,347</u>

Of the net deferred tax assets, \$0 and \$660 is included in prepaid royalties as of March 31, 2016 and 2015, respectively, \$10,754 and \$4,687 of the net deferred tax assets is included in other assets as of March 31, 2016 and 2015, respectively.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* ("ASU 2105-17"). ASU 2105-17 simplifies the presentation of deferred income taxes. The new guidance requires that all deferred tax liabilities and assets, along with any related valuation allowance, be classified as noncurrent on our consolidated financial position. This ASU is effective for annual periods beginning after December 2017, and interim periods within the fiscal years beginning after December 15, 2018. Early adoption is permitted and the standard may be applied either retrospectively or on a prospective basis to all deferred tax assets and liabilities. We have elected to adopt ASU 2015-17 for 2016, on a prospective basis. Accordingly, we classified all deferred taxes as noncurrent at March 31, 2016, but did not adjust the balances presented at March 31, 2015.

For the years ended March 31, 2016 and 2015, the Company's effective income tax rate is lower than the statutory Federal income tax rate principally due to depletion and other permanent differences, partially offset by an increase in the valuation allowance and a permanent difference related to the impairment of joint venture investment (See Note 6).

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not some or all of tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Because of the limitation on percentage depletion under AMT, the Company expects an AMT liability for the foreseeable future. Thus, while such AMT credits do not expire, it is unlikely they will be utilized in the future as management estimates the Company will not generate sufficient regular taxable income after the deduction for depletion. As of March 31, 2016 and 2015, the Company had \$30,451 and \$26,908, respectively, of valuation allowance that relates to AMT credits.

# Tata Chemicals North America Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### March 31, 2016 and 2015

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*(in thousands)*

The increase in the valuation allowance of \$3,543 and \$3,762, for the years ended March 31, 2016 and 2015, respectively, was primarily due to AMT credits.

The Company, as required by federal tax law, files a consolidated 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 in a consolidated or combined basis with VHI. Other state and local income tax returns are filed on a standalone basis.

The federal tax provision is computed under the assumption that the Company files federal and state and local income tax returns on a stand-alone basis. As of March 31, 2016 and 2015, the federal income taxes receivable of \$398 and \$2,065, respectively, and state and local taxes receivable of \$207 and \$1,526, respectively, are due to VHI and are included in prepaid royalties and other current assets as of March 31, 2016 and March 31, 2015 in the balance sheets.

The Company files income tax returns in the US federal jurisdictions, various state jurisdictions (including, but not limited to, California, Illinois, New Jersey, New York and Oregon) 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, 2008. The Company does not expect its unrecognized positions to change significantly over the next year.

#### **11. GCCL Liquidation and Deconsolidation**

On January 19, 2005, the Company's former Canadian subsidiary 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. During the pendency of the action, GCCL was unable to sell its business as a going-concern to any prospective purchaser and had no prospect for restructuring. On November 18, 2005, GCCL was assigned into bankruptcy in accordance with Canada's Bankruptcy and Insolvency Act. As of March 31, 2016, GCCL's receiver was still in the process of consummating various transactions for the sale of GCCL's assets.

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 monitor. Therefore, GCCL was deconsolidated as of January 19, 2005, and the investment was accounted for under the cost method. The Company has an overall negative net investment in GCCL due to accumulated losses and has offset the net intercompany receivable balance against the investment account. The Company is carrying its net negative investment in the amount of \$16,433 on its balance sheet at March 31, 2016 and 2015, until relieved by the Canadian bankruptcy court. The Company expects that GCCL's asset liquidation process will not be completed in 2016. The Company does not believe that it will be required to fund this negative investment balance.

#### **12. Commodity Futures Contracts and Interest Rate Swaps**

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 entering into the commodity futures contracts are to limit the effects of fluctuations in the future market price paid for natural gas and the related volatility in cash flows. The maturities of the contracts are timed to coincide with the expected usage requirement over that period.

For the years ended March 31, 2016 and 2015, the Company reported a gain of \$3,783 and loss of \$4,939, respectively, in the consolidated statements of income. Liabilities associated with the commodity futures contracts of \$1,144 and \$4,927 are included within the accrued liabilities in the

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

balance sheets at March 31, 2016 and March 31, 2015, respectively. The notional amounts of the natural gas futures are \$6,901 expiring in December 2017.

The Company enters into interest rate swaps to manage its exposure to interest rate variations related to its borrowings. The objective and strategy is to reduce its exposure to variability in expected future cash outflows (forecasted interest payments) attributable to changes in the 3-month LIBOR rate relating to its LIBOR-indexed floating-rate debt (See Note 9). These interest rate swaps are not designated as hedges and are marked to fair value with the resulting gains or losses recorded in other income – net in the accompanying consolidated statements of income.

At March 31, 2016, the Company has interest rate swaps that began on various dates from November 1, 2013 through January 14, 2014 and end on various dates from March 31, 2017 through August 7, 2020 as follows:

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Notional Amount</b>
3/31/2017	1.3300%	\$ 20,000,000
3/31/2018	1.7075%	40,000,000
3/29/2019	1.9870%	40,000,000
8/7/2020	2.4220%	<u>40,000,000</u>
Total		<u>\$ 140,000,000</u>

For the years ended March 31, 2016 and 2015, the Company reported an unrealized loss of \$994 and \$2,455 in the consolidated statements of income, respectively. As of March 31, 2016 and 2015, the Company reported an unrealized loss on the balance sheets of \$2,993 and \$1,999, respectively, included in accrued liabilities.

**13. Pension Plans and Other Postretirement Benefits**

The Company maintains several defined benefit pension plans covering substantially all employees. 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. The Company funds these benefits on a pay-as-you-go basis. The accumulated benefit obligation for all defined benefit plans was \$236,661 and \$236,996 as of March 31, 2016 and 2015, respectively.

The Company recorded adjustments to other comprehensive loss of \$(864) and \$(34,467) with corresponding increases (decreases) in noncontrolling interest of \$683 and \$(5,941) and (decreases) in equity of \$(204) and \$(18,786), net of tax of \$(384) and \$9,677 for the years ended March 31, 2016 and 2015, respectively.



**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

	Pension Benefits		Other Postretirement Benefits	
	2016	2015	2016	2015
<b>Components of net periodic benefit cost</b>				
Service cost	\$ 5,636	\$ 4,545	\$ 415	\$ 351
Interest cost	10,171	9,629	1,296	1,354
Expected return on plan assets	(11,312)	(11,678)	-	-
Amortization of unrecognized:				
Prior service cost	111	111	(190)	(190)
Actuarial loss (gain)	<u>5,625</u>	<u>3,212</u>	<u>(75)</u>	<u>(80)</u>
Net periodic benefit cost	<u>\$ 10,231</u>	<u>\$ 5,819</u>	<u>\$ 1,446</u>	<u>\$ 1,435</u>
<b>Change in benefit obligation</b>				
Benefit obligation - beginning of year	\$ 255,032	\$ 207,514	\$ 34,046	\$ 32,691
Service cost	5,636	4,545	415	351
Interest cost	10,171	9,629	1,296	1,354
Actuarial (gain)/loss	(9,760)	42,259	(1,042)	1,007
Benefits paid	(9,333)	(8,915)	(1,913)	(1,479)
Retiree Drug Subsidy	-	-	-	122
Benefit obligation - end of year	<u>\$ 251,746</u>	<u>\$ 255,032</u>	<u>\$ 32,802</u>	<u>\$ 34,046</u>
<b>Change in plan assets</b>				
Fair value of assets - beginning of year	\$ 188,540	\$ 175,398	\$ -	\$ -
Actual return on plan assets	(4,097)	17,424	-	-
Employer contributions	2,381	4,633	1,913	1,479
Benefits paid	<u>(9,333)</u>	<u>(8,915)</u>	<u>(1,913)</u>	<u>(1,479)</u>
Fair value of assets - end of year	<u>\$ 177,491</u>	<u>\$ 188,540</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of funded status</b>				
Funded status	<u>\$ (74,255)</u>	<u>\$ (66,492)</u>	<u>\$ (32,803)</u>	<u>\$ (34,046)</u>
Net amount accrued	<u>\$ (74,255)</u>	<u>\$ (66,492)</u>	<u>\$ (32,803)</u>	<u>\$ (34,046)</u>

The estimated net actuarial (gain)/loss, prior service cost/(credit), and transition (asset)/obligation for the pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ended March 31, 2017 are \$4,342, \$111, and \$0, respectively.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

The estimated net actuarial (gain)/loss, prior service cost/(credit), and transition (asset)/obligation for the postretirement plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost for the year ended March 31, 2017 are \$(83), \$(190), and \$0, respectively.

The amounts recognized in accumulated other comprehensive income as of March 31, 2016 and 2015 are summarized below:

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Prior service cost/(credit)	\$ 566	\$ 677	\$ (1,229)	\$ (1,418)
Net actuarial loss/(gain)	<u>73,421</u>	<u>73,216</u>	<u>735</u>	<u>1,702</u>
Total	<u>\$ 73,987</u>	<u>\$ 73,893</u>	<u>\$ (494)</u>	<u>\$ 284</u>

The amounts recognized in other comprehensive income (loss) during the years ended March 31, 2016 and 2015 are summarized below:

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net actuarial loss/(gain)	\$ 5,650	\$ 36,513	\$ (1,042)	\$ 1,007
Reversal of amortization item:				
Net actuarial (gain)/loss	(5,625)	(3,212)	75	80
Prior service (cost)/credit	<u>(111)</u>	<u>(111)</u>	<u>190</u>	<u>190</u>
Total recognized in comprehensive income (loss)	<u>\$ (86)</u>	<u>\$ 33,190</u>	<u>\$ (777)</u>	<u>\$ 1,277</u>

The amounts recognized in the consolidated balance sheets as of March 31, 2016 and 2015 are summarized below:

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current liabilities	\$ (163)	\$ (35)	\$ (1,291)	\$ (1,466)
Noncurrent liabilities	<u>(74,092)</u>	<u>(66,457)</u>	<u>(31,512)</u>	<u>(32,580)</u>
Net liability at end of year	<u>\$ (74,255)</u>	<u>\$ (66,492)</u>	<u>\$ (32,803)</u>	<u>\$ (34,046)</u>

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

**Assumptions**

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

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Discount rate	4.08 %	4.66 %	3.99 %	4.52 %
Expected long-term return on plan assets	6.50 %	7.00 %	N/A	N/A
Rate of compensation increase	4.5–9.0%	4.5–9.0%	N/A	N/A

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

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Discount rate	4.24 %	4.08 %	4.16 %	3.99 %
Rate of compensation increase	4.5–9.0%	4.5–9.0%	N/A	N/A

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 one 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, 2016 and 2015 were as follows:

	<b>2016</b>	<b>2015</b>
Health care cost trend rate assumed for next year	8.00%/7.50%	8.25%/7.75%
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	2027/2025	2027/2025

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

Assumed health care cost trend rates 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:

	<b>One- Percentage Point Increase</b>	<b>One- Percentage Point Decrease</b>
Effect on total of service and interest cost	\$ 17	\$ (18)
Effect on postretirement benefit obligation	385	(403)

The dates used to measure plan assets and liabilities were March 31, 2016 and 2015 for all plans. Pension plan assets are invested primarily in stocks, bonds, short-term securities and cash equivalents.

**Plan Assets**

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.

The following details the asset categories including target allocations for the pension plan as of March 31, 2016 and 2015:

Asset Category	<b>2016</b>		<b>2015</b>	
	<b>Actual Allocation</b>	<b>Target Allocation</b>	<b>Actual Allocation</b>	<b>Target Allocation</b>
Equity Securities	52 %	51 %	51 %	51 %
Debt Securities	44 %	45 %	44 %	45 %
Other	4 %	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 6.50% 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 expects to contribute \$2,286 to its pension plan and \$1,427 to its other postretirement benefit plan for the year ending March 31, 2017.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

(in thousands)

**Estimated Future Benefit Payments**

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

	<b>Pension Benefits</b>	<b>Other Benefits</b>
<b>Years ending March 31,</b>		
2017	\$ 10,508	\$ 1,427
2018	11,113	1,644
2019	11,678	1,773
2020	12,364	1,838
2021	13,003	1,883
2022–2026	73,053	9,811

**Fair Values**

The fair values of the Company's plan assets as of March 31, 2016, by asset category are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Category:</b>				
Cash and cash equivalents	\$ 220	\$ 35	\$ -	\$ 255
Fixed income securities	17,977	59,803	-	77,780
Equity securities	-	91,609	-	91,609
Futures contracts	(18)	-	-	(18)
Real estate	-	7,209	-	7,209
Private equity	-	-	656	656
Total	<u>\$ 18,179</u>	<u>\$ 158,656</u>	<u>\$ 656</u>	<u>\$ 177,491</u>

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

	<u>Private Equity</u>
Beginning balance - April 1, 2015	\$ 1,062
Total realized/unrealized (losses) gains	(236)
Purchases, sales and settlements	<u>(170)</u>
Ending balance - March 31, 2016	<u>\$ 656</u>

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

---

(in thousands)

The fair values of the Company's plan assets as of March 31, 2015, by asset category are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Category:</b>				
Cash and cash equivalents	\$ 95	\$ 943	\$ -	\$ 1,038
Fixed income securities	19,390	65,056	-	84,446
Equity securities	-	94,481	-	94,481
Futures contracts	49	-	-	49
Real estate	-	7,464	-	7,464
Private equity	-	-	1,062	1,062
Total	<u>\$ 19,534</u>	<u>\$ 167,944</u>	<u>\$ 1,062</u>	<u>\$ 188,540</u>

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

	<u>Private Equity</u>
Beginning balance - April 1, 2014	\$ 1,251
Total realized/unrealized (losses) gains	(252)
Purchases, sales and settlements	<u>63</u>
Ending balance - March 31, 2015	<u>\$ 1,062</u>

**Valuation**

Cash and cash equivalents are held in a commingled fund.

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

Equity securities and exchange traded equity funds are valued using a market approach based on quoted market prices for individual instruments.

Real estate and 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 \$498 and \$484 for the years ended March 31, 2016 and 2015, respectively.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

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(in thousands)

**14. Asset Retirement Obligation**

The Company provides for the expected costs to be incurred for the eventual reclamation of mining properties pursuant to local law. Included in long-term liabilities as of March 31, 2016 and 2015 was \$20,823 and \$16,353, respectively, related to these asset retirement obligations. The changes in the carrying amounts of the asset retirement obligation for the years ending March 31, 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>
Balance - beginning of year	\$ 16,353	\$ 12,885
Additions	3,642	2,780
Accretion expense	828	688
Balance - end of year	<u>\$ 20,823</u>	<u>\$ 16,353</u>

**15. Variable Interest Entities (VIEs)**

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 contributed 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 (which ALCAD has agreed to provide solely to C&D). The Partnership was determined to be the primary beneficiary of ALCAD as it has control over the most significant activities of ALCAD which have been determined to be the managing of the trona reserves and extraction of trona and ultimate conversion to soda ash. 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, 2016 and 2015, this VIE earned income of \$17,633 and \$16,529, respectively, under the contractual arrangements with the Partnership which was recorded as net income attributable to noncontrolling interests in the consolidated statements of operations.

**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

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(in thousands)

The liabilities recognized as a result of consolidating the VIEs do not necessarily represent additional claims on the general assets of the Partnership outside of the VIEs; rather, they represent claims against the specific assets of the consolidated VIEs. 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 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:

	<b>2016</b>	<b>2015</b>
Accounts Receivable	\$ <u>5,905</u>	\$ <u>5,321</u>
Total Assets	\$ <u>5,905</u>	\$ <u>5,321</u>
Minority Interest Payable	\$ <u>672</u>	\$ <u>605</u>
Total Liabilities	\$ <u>672</u>	\$ <u>605</u>

The total accounts receivable of \$5,905 and \$5,321 are recorded in Receivables as of March 31, 2016 and 2015. The Minority Interest Payable of \$672 and \$605 are recorded in Accrued Liabilities as of March 31, 2016 and 2015.

**16. Related Party Transactions**

**Soda Ash Supply Agreement**

The Partnership has soda ash supply agreements with Owens-Illinois Inc. and its affiliates ("O-I"). These agreements set forth the terms and conditions for the Partnership 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. For the years ended March 31, 2016 and 2015, sales related to these agreements amounted to \$94,984 and \$92,495, respectively. As of March 31, 2016 and 2015, amounts due under these agreements totaled \$16,503 and \$18,553, respectively, 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, 2016 and 2015, sales under these agreements amounted to \$30,179 and \$0, respectively. As of March 31, 2016 and 2015, amounts due under these agreements totaled \$7,932 and \$0, respectively.

**Other**

In the ordinary course of business, the Company purchases and reimburses costs from and sells materials to subsidiaries of TCL. During the years ended March 31, 2016 and 2015 the purchases and reimbursement of costs from these subsidiaries of TCL amounted to \$1,521 and \$800, respectively and accounts payable amounted to \$288 and \$208 at March 31, 2016 and 2015, respectively. During the years ended March 31, 2016 and 2015, the sales to these subsidiaries of TCL, excluding sales to TCIPL amounted to \$42,887 and \$45,399, respectively and accounts receivable at March 31, 2016 and 2015 amounted to \$16,127 and \$18,656, respectively. Additionally, during the years ended March 31, 2016 and 2015, the Company made advances to subsidiaries of TCL in the amount of \$31 and \$37, respectively and the amount included in receivables at March 31, 2016 and 2015 is \$24 and \$53.



**Tata Chemicals North America Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2016 and 2015**

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(in thousands)

As of March 31, 2016 and 2015, the Company has related party payable with VHI included in accrued liabilities of \$4,899 that relates to federal, state and local taxes payable.

**17. Commitments and Contingencies**

Future minimum rental payments for capital and operating leases (primarily for transportation equipment, mining equipment, offices and warehouses) having initial or remaining noncancelable lease terms in excess of one year as of March 31, 2016 are as follows:

<b>Years ending March 31,</b>	<b>Capital Leases</b>	<b>Operating Leases</b>
2017	\$ 24	\$ 11,752
2018	24	9,555
2019	10	4,257
2020	-	1,467
2021	-	1,178
Thereafter	-	1,056
	<hr/>	<hr/>
Total minimum payments	58	<u>\$ 29,265</u>
Less amount representing interest (interest imputed at a rate of 3.25%)	<hr/>	(2)
Present value of minimum capital lease payments	56	
Less current portion of capital lease obligation	<hr/>	(23)
Capital lease obligation, less current portion	<u>\$ 33</u>	

Rental expense for the years ended March 31, 2016 and 2015 was \$14,790 and \$12,976, respectively.

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. As of March 31, 2016 and March 31, 2015, the Company has recorded approximately \$0 and \$650, respectively in accruals related to pending matters.

**18. Subsequent Events**

The Company has evaluated all events or transactions that occurred after March 31, 2016 through June 8, 2016 the date the financial statements were issued. There are no subsequent events that require adjustment to or disclosure in the consolidated financial statement.

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