Tata Chemicals North America Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors’ Report March 31, 2022 and 2021

Tata Chemicals North America Inc. and Subsidiaries
Index
March 31, 2022 and 2021

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

Independent Auditors' Report

Board of Directors of
Tata Chemicals North America Inc.:

Opinion

We have audited the consolidated financial statements of Tata Chemicals North America Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Salt Lake City, Utah
May 25, 2022

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended March 31, 2022 and 2021

(in thousands)	2022	2021
Net revenues	$ 494,888	$ 384,116
Cost of revenues - excluding depreciation	366,459	317,860
Cost of revenues - depreciation and amortization	30,499	30,298
Total cost of revenues	396,958	348,158
Selling, general and administrative expense	20,188	20,930
Loss on disposition of long-lived assets	-	113
Operating profit	77,742	14,915
Interest expense, net	10,997	14,652
Unrealized (gain) on interest rate swaps	-	(157)
Business interruption insurance proceeds (Note 10)	-	(3,641)
Other expense, net	2,019	1,283
Income before income tax	64,726	2,778
Income tax expense (benefit)	3,108	(1,526)
Net income	61,618	4,304
Net income attributable to noncontrolling interest	25,647	11,439
Net income (loss) attributable to Tata Chemicals North America Inc.	$ 35,971	$ (7,135)

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended March 31, 2022 and 2021

(in thousands)	2022	2021
Net income	$ 61,618	$ 4,304
Other comprehensive income, net of tax expense		
Defined benefit plan and other adjustments, net of tax of $(2,762) and $(7,797)	13,096	33,798
Unrealized gain on natural gas hedge, net of tax $(639) and $(676)	3,263	4,303
Net gain reclassified from accumulated other comprehensive income into income	-	200
Comprehensive income	77,977	42,605
Less: Comprehensive income attributable to the noncontrolling interest	30,033	19,021
Comprehensive income attributable to Tata Chemicals North America Inc.	$ 47,944	$ 23,584

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2022 and 2021

(in thousands, except share data)	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 56,652	$ 57,618
Receivables, net of allowance for doubtful accounts of $200 and $200 (Note 7 &15)	102,038	71,983
Due from related parties (Note 15)	103,056	101,823
Inventories (Note 7)	25,057	12,647
Prepaid expenses and other current assets	13,442	7,344
Total current assets	300,245	251,415
Property, plant, and equipment, net (Note 5)	244,857	252,111
Goodwill (Note 4)	122,658	122,658
Other assets (Note 7)	16,445	15,635
Total assets	$ 684,205	$ 641,819
Liabilities		
Current liabilities		
Accounts payable	$ 38,236	$ 31,135
Current portion of long-term debt (Note 8)	27,500	-
Current portion of finance lease obligation (Note 16)	6,091	7,208
Accrued liabilities (Note 7)	25,899	24,138
Total current liabilities	97,726	62,481
Finance lease obligation, net of current portion (Note 16)	7,270	11,415
Deferred tax liabilities, net (Note 9)	6,923	3,771
Other liabilities (Note 7)	87,767	100,700
Long-term debt, net of current portion (Note 8)	240,884	267,265
Total liabilities	440,570	445,632
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, 2022 and 2021	-	-
Additional paid-in capital	228,806	228,806
Accumulated other comprehensive loss	(671)	(12,643)
Accumulated deficit	(62,246)	(79,664)
Total Tata Chemicals North America Inc. equity	165,889	136,499
Noncontrolling interest	77,746	59,688
Total equity	243,635	196,187
Total liabilities and equity	$ 684,205	$ 641,819

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended March 31, 2022 and 2021

(in thousands)	2022	2021
Cash flows from operating activities		
Net income	$ 61,618	$ 4,304
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	30,499	30,298
Amortization of intangible assets	-	86
Amortization of financing fees	2,247	1,663
Deferred tax provision	3,152	(2,809)
Changes in asset retirement obligation estimates	1,203	1,075
Unrealized hedge gains (losses)	(3,910)	(5,196)
(Gain) loss on disposal of assets	-	114
Changes in assets and liabilities		
(Increase) decrease in receivables from trade and related parties	(31,289)	5,430
Decrease in income tax receivables	-	17,803
(Increase) decrease in inventories	(12,410)	9,918
Increase in accounts payable	3,866	4,560
Increase in accrued liabilities	1,760	454
Increase in other liabilities	2,222	13,671
(Increase) in prepaid expenses and other current and non-current assets	(2,999)	(4,007)
Net cash provided by operating activities	55,959	77,364
Cash flows from investing activities		
Capital expenditures	(17,350)	(31,838)
Advance to parent	-	(80,555)
Net cash used in investing activities	(17,350)	(112,393)
Cash flows from financing activities		
Repayment of debt	-	(225,300)
New borrowings	-	275,000
Finance lease payments	(7,918)	(8,312)
Financing fees paid	(1,128)	(8,355)
Dividends	(18,553)	(13,000)
Cash distributions to noncontrolling interest	(11,976)	(19,087)
Net cash (used in) provided in financing activities	(39,575)	946
Change in cash and cash equivalents	(966)	(34,083)
Cash and cash equivalents		
Beginning of year	57,618	91,701
End of year	$ 56,652	$ 57,618
Supplemental information		
Cash paid for interest	$ 9,945	$ 13,070
Non-cash investing activities		
Accounts payable and accrued liabilities incurred to acquire property and equipment	$ 9,836	$ 6,601
Assets obtained in exchange for lease obligations	$ 2,711	$ 8,479
Reductions to assets resulting from retirement of lease obligations	$ (53)	$ (29)

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended March 31, 2022 and 2021

(in thousands)	Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholder's Equity	Noncontrolling Interest	Total Equity
Balance—March 31, 2020	100	$ -	$ 228,841	$ (43,163)	$ (59,564)	$ 126,114	$ 59,755	$ 185,869
Net Income	-	-	-	-	(7,135)	(7,135)	11,439	4,304
Dividends	-	-	-	-	(13,000)	(13,000)	-	(13,000)
Distribution to noncontrolling interest	-	-	-	-	-	-	(19,087)	(19,087)
Other comprehensive loss	-	-	(35)	30,520	35	30,520	7,581	38,101
Balance—March 31, 2021	100	$ -	$ 228,806	$ (12,643)	$ (79,664)	$ 136,499	$ 59,688	$ 196,187
Net Income	-	-	-	-	35,971	35,971	25,647	61,618
Dividends	-	-	-	-	(18,553)	(18,553)	-	(18,553)
Distribution to noncontrolling interest	-	-	-	-	-	-	(11,976)	(11,976)
Other comprehensive income	-	-	-	11,972	-	11,972	4,387	16,359
Balance—March 31, 2022	100	$ -	$ 228,806	$ (671)	$ (62,246)	$ 165,889	$ 77,746	$ 243,635

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 2022 is defined as the twelve month year ended March 31, 2022 and fiscal 2021 is defined as the twelve month year ended March 31, 2021.

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%. VHI owns the remaining 25% interest in TCSAP Holdings. 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.

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.

(in thousands)

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 the 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 and improvements	5 to 30 years
Buildings and leasehold improvements	3 to 30 years
Machinery & Equipment	2 to 20 years
Mines & quarries	10 to 50 years
Machinery & Equipment - Leased	Set by lease agreement
Buildings - Leased	Set by lease agreement

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. 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
Goodwill is not amortized into results of operations, but instead is reviewed for impairment. The Company records impairment losses on goodwill based upon the occurrence of a triggering event, or

(in thousands)

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.

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.

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. Realized gains and losses are recognized within interest expense and cost of revenues respectively, in the period incurred. In the current year, there are no active interest rate contracts. 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. The Company does not hold or issue derivative instruments for trading purposes.

Revenue Recognition
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

(in thousands)

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 operations. 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 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 in footnote 5 have been reclassified to conform to the current year presentation.

Leases
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

(in thousands)

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. The Company discounts 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 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 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

(in thousands)

statements of operations 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 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 years ended March 31, 2022 and March 31, 2021, 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 operations. 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 and has 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.

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, 2022 and 2021. 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.

(in thousands)

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, 2022:

	Fair Value Measurements		
	Level 1	**Level 2**	**Total**
Assets:			
Cash equivalents	$ 56,652	$ -	$ 56,652
Natural gas future contracts	-	$ 6,503	6,503
Non-qualified pension asset	1,728	-	1,728
Total	$ 58,380	$ 6,503	$ 64,883

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2021:

	Fair Value Measurements		
	Level 1	**Level 2**	**Total**
Assets:			
Cash equivalents	$ 57,618	$ -	$ 57,618
Natural gas futures contracts	-	2,602	2,602
Non-qualified pension asset	1,718	-	1,718
Total	$ 59,336	$ 2,602	$ 61,938

(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

The Company has $122,658 in goodwill at March 31, 2022 and 2021 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, 2022 and 2021.

5. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2022 and 2021 are comprised of the following:

	2022	2021
Land and improvements	$ 71,431	$ 70,791
Buildings and leasehold improvements	91,185	88,253
Machinery and equipment	361,065	350,662
Construction-in-progress	24,796	21,142
Mines and quarries	28,471	28,471
Total gross owned assets	576,948	559,319
Less: Accumulated depreciation	344,745	324,742
Total net owned assets	232,203	234,577
Leased - Equipment	$ 24,627	$ 28,919
Leased - Buildings	4,169	3,926
Total gross leased assets	28,796	32,845
Less: Accumulated depreciation	16,142	15,311
Total net leased assets	12,654	17,534
Total net assets	$ 244,857	$ 252,111

For the years ended March 31, 2022 and 2021, the Company recognized $22,960 and $22,016 of depreciation expense relating to owned assets, respectively. For the years ended March 31, 2022 and

(in thousands)

2021, the Company recognized $7,539 and $8,282 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, 2022 and 2021:

	2022	2021
Pension and post retirement plan benefits, net of taxes	$ (4,461)	$ (14,146)
Natural gas hedges, net of taxes	3,807	1,519
Cumulative foreign currency translation adjustment	(17)	(17)
Total accumulated other comprehensive loss	$ (671)	$ (12,644)

(in thousands)

7. Additional Financial Information

The summaries of selected balance sheet items as of March 31, 2022 and 2021 are as follows:

	2022	2021
Receivables		
Trade	$ 95,549	$ 66,989
Other	6,689	5,194
Allowance for doubtful accounts	(200)	(200)
	$ 102,038	$ 71,983
Inventories		
Raw materials	$ 13,958	$ 5,520
Work-in-process	100	100
Finished products	10,999	7,027
	$ 25,057	$ 12,647
Other Assets		
Pension asset	$ 1,728	$ 1,718
Inventory - stores	14,243	13,476
Long-term deposit	474	441
	$ 16,445	$ 15,635
Accrued Liabilities		
Wages, salaries, and benefits	$ 10,358	$ 9,393
Property, production and other taxes	11,552	10,733
Other	3,989	4,012
	$ 25,899	$ 24,138
Other Liabilities		
Accrued pension obligations	$ 43,072	$ 53,327
Accrued other post-retirement benefits	11,778	11,642
Asset retirement obligation	25,572	24,371
Accrued other	7,345	11,360
	$ 87,767	$ 100,700

8. Debt

On June 19, 2020, the Company entered into a credit agreement with several lenders led by Standard Chartered Bank (“SCB”), as administrative agent. The credit agreement provided for a $275,000 credit facility, composed of a $275,000 term loan (“Term loan”) with a 5-year term. The borrowing under this facility bears interest at the London Interbank Offered Rate (“LIBOR”) plus applicable margin. The term loan effective rate as of March 31, 2021 and 2022 was 4.24% and 1.82% respectively. The applicable margin on the Term loan was 4.00% per annum on LIBOR borrowings in 2021 and 1.6% per annum on LIBOR borrowings in 2022. The Term loan matures on June 19, 2025.

(in thousands)

The Term loan is secured by the 100% ownership interest in the Company held by the Company's parent, VHI, and a security interest in all assets of the Company, including intellectual property. The Term loan is subject to certain covenants including, but not limited to, maintaining a Net Debt to EBITDA ratio of under 3.75, commencing April 1, 2021 through March 31, 2023, and under 3.25 thereafter, an EBITDA to consolidated net cash interest expense ratio of over 3.5 commencing April 1, 2021, a minimum net worth of not less than $125,000, commencing April 1, 2021 through March 31, 2023 and not less than $150,000 thereafter, a tangible net worth of not less than $0, commencing April 1, 2021, and a cash balance of not less than $25,000.

The Company entered into an amendment to its existing credit agreement on 9/27/2021. This amendment decreased the required cash balance from $25,000 to $10,000 as well as reducing the applicable margin from 4.00% to 1.60% per annum.

As of March 31, 2022 and 2021, the Company had $275,000 and $275,000 of total debt remaining outstanding under the Term loan; offset by $6,616 and $7,735 of deferred finance fees, respectively. Amortization of the deferred finance fees for the years ending March 31, 2022 and March 31, 2021, was $2,247 and $1,663, respectively.

The aggregate maturities of long-term debt as of March 21, 2022 are:

Debt Maturity		**Carrying amount**		**Amount due**
Fiscal year 2023	$	275,000		27,500
Fiscal year 2024		247,500		82,500
Fiscal year 2025		165,000		82,500
Fiscal year 2026		82,500		82,500
Total			$	275,000
Non-current portion			$	247,500
Current Portion				27,500

(in thousands)

9. Income Taxes

Income tax expense (benefit) for the years ended March 31, 2022 and 2021 is summarized below:

	2022	2021
Current		
Federal	$ 3,248	$ 1,389
State	109	67
Total current	3,357	1,456
Deferred		
Federal	(163)	(2,622)
State	(86)	(360)
Total deferred	(249)	(2,982)
Total	$ 3,108	$ (1,526)

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

	2022	2021
Pension and post retirement benefits	$ 9,338	$ 11,332
Nondeductible accruals	293	1,106
Lease liabilities	890	925
Net operating Loss	135	1,855
Deferred tax assets	10,656	15,218
Valuation allowance	-	456
Net deferred tax assets	10,656	14,762
Depreciation	1,376	1,633
Partnership basis cancelation of debt loss	3,356	3,379
Right of use assets	751	809
Partnership basis	12,096	12,712
Deferred tax liabilities	17,579	18,533
Net deferred tax liabilities	$ (6,923)	$ (3,771)

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 of March 31, 2022.

(in thousands)

For the year ended March 31, 2022 and 2021, the Company's effective income tax rate was lower than the statutory Federal income tax rate principally due to mineral depletion along with the reversal of the previously recorded valuation allowance on the deferred tax asset pertaining to Sec 163j interest deduction limitation.

The Company has assessed the realizability of the net deferred tax assets as of March 31, 2022 and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred income tax assets will 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.

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 and various states. With few exceptions, the Company is not subject to audit by taxing authorities for the fiscal years ended prior to March 31, 2018. The Company does not expect its unrecognized positions to change significantly over the next year.

10. Insurance Proceeds

The Company experienced a breakdown of turbine generator 2 in January 2021 resulting in the need to purchase incremental electricity from the public utility rather than producing electricity on site. After a 30 day waiting period deductible, insurance proceeds totaled $1,280 which were received by the Company in 2022. The total proceeds were determined to be a recovery of electricity purchase costs and are included in Cost of revenues – excluding depreciation on the consolidated statements of operations.

The Company experienced power outages in November 2018 and March 2019 resulting from equipment failures resulting in the filing of two insurance claims. Total claim for the November 2018 outage was $3,115 and the total claim for the March 2019 outage was $2,321 for total claims of $5,436. After a $750 deductible for each claim, total insurance proceeds totaled $3,936 which was received by the Company in 2021. Out of the total proceeds, $295 was determined to be a recovery of repair costs and is included in Cost of revenues – excluding depreciation on the consolidated statements of income. The remaining $3,641 was determined to be business interruption proceeds and is shown as business interruption insurance proceeds on the consolidated statements of operations.

11. 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 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 thousands)

The Company meets the requirements to account for its natural gas hedges under hedge accounting. For the years ended March 31, 2022 and March 31, 2021 the Company reported a realized gain of $0 and $200, respectively, on the statements of operations for natural gas contracts. For the years ending March 31, 2022 and March 31, 2021, the Company recorded unrealized gains of $3,263 and $4,303, respectively, in the consolidated statements of comprehensive income. Assets associated with the commodity futures contracts of $6,503 and $2,602 are included within prepaid expenses and other current assets in the consolidated balance sheets at March 31, 2022 and March 31, 2021, respectively. As of March 31, 2022, the notional amounts of the natural gas futures are $11,153 expiring in October 2023.

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 operations. Realized gains and losses are included with interest expense.

At March 31, 2022, the Company has no remaining interest rate swaps. For the years ended March 31, 2022 and 2021, the Company reported realized gains of $0 and $157, respectively, in the consolidated statements of operations for interest rate swaps.

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 benefit obligation for all defined benefit plans was $247,409 and $273,608 as of March 31, 2022 and 2021, respectively.

The Company recorded adjustments to other comprehensive income of $13,096 and $33,798, net of tax of $(2,762) and $(7,797), with corresponding changes in noncontrolling interest of $3,411 and $6,294 and a decrease of $9,685 and $27,504 in accumulated other comprehensive income (loss) for the years ended March 31, 2022 and 2021, respectively.

As noted in the table below, operating pension expenses for the years ended March 31, 2022, and 2021 were $5,469 and $5,422, respectively; and other postretirement benefit expenses were $157 and $152, respectively. Also as noted in the table below, non-operating pension expenses for the years ended March 31, 2022, and 2021 were $2,618 and $2,108, respectively; and non-operating other postretirement benefit expenses were $(610) and $(893), respectively. The Company's operating pension expenses are included in cost of revenues and the non-operating pension expenses are included in other expense, net.

(in thousands)

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Components of net periodic benefit cost				
Service cost	$ 5,469	$ 5,422	$ 157	$ 152
Operating expense	5,469	5,422	157	152
Interest cost	9,288	9,818	376	424
Expected return on plan assets	(11,771)	(11,265)		
Amortization of unrecognized:				
Prior service cost (gain)	109	115	(894)	(1,196)
Actuarial loss (gain)	2,987	3,440	(92)	(121)
Settlement/Curtailment Expense	2,005			
Non-operating expense	2,618	2,108	(610)	(893)
Net periodic benefit cost	$ 8,087	$ 7,530	$ (453)	$ (741)
Change in benefit obligation				
Benefit obligation - beginning of year	$ 288,299	$ 277,180	$ 12,344	$ 12,286
Service cost	5,469	5,422	156	152
Interest cost	9,288	9,818	376	424
Plan amendments			1,549	
Actuarial (gain)/loss	(17,229)	8,468	(1,261)	(137)
Benefits paid	(27,198)	(12,589)	(671)	(381)
Projected Benefit obligation - end of year	$ 258,629	$ 288,299	$ 12,493	$ 12,344
Change in plan assets				
Fair value of assets - beginning of year	$ 234,695	$ 186,636	$	$
Actual return on plan assets	6,573	58,952		
Employer contributions	1,210	1,696	671	381
Benefits paid	(27,198)	(12,589)	(671)	(381)
Fair value of assets - end of year	$ 215,280	$ 234,695	$	$
Reconciliation of funded status				
Funded status	$ (43,349)	$ (53,604)	$ (12,493)	$ (12,344)
Net amount accrued	$ (43,349)	$ (53,604)	$ (12,493)	$ (12,344)
Net amount accrued in current liabilities	(277)	(277)	(715)	(702)
Net amount accrued in other liabilities	(43,072)	(53,327)	(11,778)	(11,642)

(in thousands)

The amounts recognized in accumulated other comprehensive loss as of March 31, 2022 and 2021, before accumulated tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Prior service cost/(credit)	$ 641	$ 749	$ (10,666)	$ (13,109)
Net actuarial loss/(gain)	25,162	42,185	(3,043)	(1,874)
Total	$ 25,803	$ 42,934	$ (13,709)	$ (14,983)

The amounts recognized in other comprehensive income during the years ended March 31, 2022 and 2021, before tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Net actuarial loss (gain)	$ (12,030)	$ (39,219)	$ (1,261)	$ (137)
Prior service cost			1,549	
Reversal of amortization item:				
Net actuarial (gain) loss	(109)	(115)	894	1,196
Prior service (cost)/credit	(4,992)	(3,440)	92	121
Total recognized in comprehensive (loss) income	$ (17,131)	$ (42,774)	$ 1,274	$ 1,180

Assumptions

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

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	3.37 %	3.64 %	3.81 %	3.26 %
Expected long-term return on plan assets	5.75 %	5.75 %	N/A	N/A
Rate of compensation increase	5.3–8.4%	5.3–8.4%	N/A	N/A

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

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	3.84 %	3.37 %	3.26 %	3.58 %
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.

The dates used to measure plan assets and liabilities were March 31, 2022 and 2021 for all plans.

For healthy lives, the company measured benefit obligation using the amounts-weighted rates from the Pri-2012 mortality study with blue- and white-collar adjustments by individual, projected generationally from 2012 with Scale MP-2021 as of March 31, 2022.

For surviving beneficiaries, the company measured benefit obligations using the amounts-weighted contingent survivor rates from the Pri-2012 mortality study with blue- and white-collar adjustments by individual, projected generationally from 2012 with Scale MP-2021 as of March 31, 2022.

For disabled lives, the company measured benefit obligation using the amounts-weighted disabled retiree rates from the Pri-2012 mortality study, projected generationally from 2012 with Scale MP-2021 as of March 31, 2022.

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.

The following details the asset categories including target allocations for the pension plan as of March 31, 2022 and 2021:

	2022		**2021**	
	Actual Allocation	**Target Allocation**	**Actual Allocation**	**Target Allocation**
Asset Category				
Equity Securities	51 %	51 %	51 %	51 %
Debt Securities	44 %	45 %	44 %	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 5.75% 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.

(in thousands)

Contributions

The Company expects to contribute $856 to its pension plan and $715 to its other postretirement benefit plans for the year ending March 31, 2023.

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,		
2023	$ 13,541	$ 715
2024	13,891	726
2025	14,126	734
2026	14,335	726
2027	14,515	729
2028–2032	74,090	3,657

Fair Values

The fair values of the Company's plan assets as of March 31, 2022, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Cash and cash equivalents	$ 65	$ 1,449	$	$ 1,514
Fixed income securities	24,659	70,871		95,530
Preferred securities		33		33
Equity securities	8,693	100,733		109,426
Futures contracts	48			48
Real estate investments trusts		8,728		8,728
Private equity			2	2
Total	$ 33,465	$ 181,814	$ 2	$ 215,281

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

	Private Equity
Beginning balance - April 1, 2021	$ 2
Total realized/unrealized (losses) gains	-
Purchases, sales and settlements	-
Ending balance - March 31, 2022	$ 2

(in thousands)

The fair values of the Company's plan assets as of March 31, 2021, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Cash and cash equivalents	$ 273	$ 2,361	$	$ 2,634
Fixed income securities	27,148	76,757		103,905
Preferred securities		35		35
Equity securities	9,195	109,508		118,702
Futures contracts	(62)			(62)
Real estate investment trusts		9,479		9,479
Private equity			2	2
Total	$ 36,554	$ 198,140	$ 2	$ 234,695

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

	Private Equity
Beginning balance - April 1, 2020	$ 36
Total realized/unrealized (losses) gains	(34)
Purchases, sales and settlements	-
Ending balance - March 31, 2021	$ 2

Valuation

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

Level one securities are valued using quoted prices in active markets for identical assets accessible to the company at the measurement date.

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

Level two equity securities 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

(in thousands)

contribution to these plans was $1,175 and $882 for the years ended March 31, 2022 and 2021, 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. Included in long-term liabilities as of March 31, 2022 and 2021 were $25,572 and $24,371, respectively, related to these asset retirement obligations. Changes in the carrying amounts of the asset retirement obligation were as follows:

	2022	2021
Balance - beginning of year	$ 24,371	$ 23,296
Change in estimate	111	-
Accretion expense	1,090	1,075
Balance - end of year	$ 25,572	$ 24,371

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, 2022 and 2021, this VIE earned income of $17,650 and $18,174, 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:

(in thousands)

	2021	2020
Accounts receivable	$ 5,789	$ 6,201
Total assets	$ 5,789	$ 6,201
Accrued expenses	$ 626	$ 673
Intercompany payable	$ 5,163	$ 5,528
Total liabilities	$ 5,789	$ 6,201
Payables eliminated through consolidation	$ (5,163)	$ (5,528)
Total Consolidated liabilities	$ 626	$ 673

The total accounts receivable of $5,789 and $6,201 are recorded in receivables as of March 31, 2022 and 2021. The minority interest payable of $626 and $673 are recorded in accrued liabilities as of March 31, 2022 and 2021.

15. Related Party Transactions

Soda Ash Supply Agreement

Beginning April 2015, Tata Chemicals International Pte Limited (“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, 2022 and 2021, sales under these agreements amounted to $7,175 and $13,049, respectively. As of March 31, 2022, amounts due under these agreements totaled $29.

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, 2022 and 2021, the purchases from and reimbursement of costs of these subsidiaries of TCL amounted to $810 and $857, respectively; and accounts payable amounted to $337 and $260 at March 31, 2022 and 2021, respectively. During the years ended March 31, 2022 and 2021, the sales to these subsidiaries of TCL, excluding sales to TCIPL amounted to $11 and $28,467, respectively and trade receivable at March 31, 2022 and 2021 amounted to $0 and $6,396, respectively.

As of March 31, 2022 and 2021, the Company has a related party payable with VHI included in accrued liabilities of $4,554 and $1,340, 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, cash for the O-I purchase and the refinance of the term loan of $107,610 and $103,163 as of March 31, 2022 and 2021, respectively. The related party receivable and payable with VHI will be settled when VHI refinances its debt in the future.

(in thousands)

16. Leases

The Company is obligated under finance leases that expire at various dates during the next 15 years.

The following table provides the lease costs for the year ended March 31, 2022:

Finance lease cost	
Amortization of leased assets	$ 7,539
Interest on lease liabilities	640
Total finance lease cost	$ 8,179
Expensed lease cost	$ 1,071
Total lease cost	$ 9,250

Amounts reported in the consolidated balance sheet as of March 31, 2022 were as follows:

Finance leases	
Leased assets	$ 28,796
Accumulated amortization	(16,142)
Property, plant and equipment, net	$ 12,654
Current portion of lease liabilities	$ 6,091
Long-term portion of lease liabilities	7,270
Total finance lease liabilities	$ 13,361

Other information related to leases as of March 31, 2022 was as follows:

Weighted average incremental borrowing rates for the finance leases was 3.86%.

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, 2022 are as follows:

(in thousands)

Years ending March 31,	**Leases**
2023	$ 6,294
2024	2,854
2025	1,525
2026	379
2027	389
Thereafter	4,050
Total minimum payments	$ 15,491
Less imputed interest	$ (2,130)
Total	$ 13,361

The following table provides the lease costs for the year ended March 31, 2021:

Finance lease cost	
Amortization of leased assets	$ 8,282
Interest on lease liabilities	836
Total finance lease cost	$ 9,118
Expensed lease cost	$ 1,683
Total Lease Cost	$ 10,801

Amounts reported in the consolidated balance sheet as of March 31, 2021 were as follows:

Finance leases	
Leased assets	$ 32,845
Accumulated amortization	(15,311)
Property, plant and equipment, net	$ 17,534
Current portion of lease liabilities	$ 7,208
Long-term portion of lease liabilities	11,415
Total finance lease liabilities	$ 18,623

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

(in thousands)

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, 2022 through May 25, 2022, the date the consolidated financial statements were issued. There are no subsequent events that require adjustment to or disclosure in the consolidated financial statements.

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