

Castle Brands Inc  
Form 10-Q  
November 08, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended September 30, 2018**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-32849**

**CASTLE BRANDS INC.**

(Exact name of registrant as specified in its charter)

**Florida** **41-2103550**  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) Identification No.)

**122 East 42nd Street, Suite 5000,**  
**New York, New York** **10168**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (646) 356-0200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The Company had 168,701,129 shares of \$.01 par value common stock outstanding at November 7, 2018.



**CASTLE BRANDS INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED**  
**SEPTEMBER 30, 2018**

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****CASTLE BRANDS INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

	September 30, 2018 (Unaudited)	March 31, 2018
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$368,863	\$376,987
Accounts receivable - net of allowance for doubtful accounts of \$422,808 and \$390,939 at September 30 and March 31, 2018, respectively	12,702,096	13,083,487
Inventories - net of allowance for obsolete and slow-moving inventory of \$410,268 and \$346,344 at September 30 and March 31, 2018, respectively	40,604,712	34,555,553
Prepaid expenses and other current assets	3,371,257	3,724,759
Total Current Assets	57,046,928	51,740,786
Equipment – net	762,290	839,409
Intangible assets - net of accumulated amortization of \$8,710,096 and \$8,485,253 at September 30 and March 31, 2018, respectively	5,744,102	5,968,945
Goodwill	496,226	496,226
Investment in non-consolidated affiliate, at equity	903,067	813,926
Restricted cash	360,025	382,279
Other assets	93,587	91,789
Total Assets	\$65,406,225	\$60,333,360
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Current maturities of notes payable	\$127,154	\$176,148
Accounts payable	8,765,538	7,674,858
Accrued expenses	2,755,372	2,497,001
Due to shareholders and affiliates	1,792,386	2,785,910
Total Current Liabilities	13,440,450	13,133,917

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Long-Term Liabilities

Credit facility, net (including \$761,600 and \$576,546 of related-party participation at September 30 and March 31, 2018, respectively)	22,182,692	18,505,897
Note payable - 11% Subordinated note	20,000,000	20,000,000
Notes payable - GCP Note	216,869	211,580
Deferred tax liability	485,604	485,484
Other	6,778	6,778
<b>Total Liabilities</b>	<b>56,332,393</b>	<b>52,343,656</b>

Commitments and Contingencies (Note 11)

Equity

Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares issued and outstanding at September 30 and March 31, 2018	-	-
Common stock, \$.01 par value, 300,000,000 shares authorized at September 30 and March 31, 2018, 168,553,992 and 166,330,733 shares issued and outstanding at September 30 and March 31, 2018, respectively	1,685,540	1,663,307
Additional paid-in capital	156,186,890	154,731,044
Accumulated deficit	(150,798,115)	(149,891,272)
Accumulated other comprehensive loss	(2,167,272 )	(2,082,011 )
<b>Total controlling shareholders' equity</b>	<b>4,907,043</b>	<b>4,421,068</b>
Noncontrolling interests	4,166,789	3,568,636
<b>Total Equity, including noncontrolling interests</b>	<b>9,073,832</b>	<b>7,989,704</b>
<b>Total Liabilities and Equity</b>	<b>\$65,406,225</b>	<b>\$60,333,360</b>

See accompanying notes to the unaudited condensed consolidated financial statements.