
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

October 4, 2018

Castle Brands Inc.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction
of incorporation)

001-32849

(Commission
File Number)

41-2103550

(I.R.S. Employer
Identification No.)

122 East 42nd Street, Suite 5000, New York, New York

(Address of principal executive offices)

10168

(Zip Code)

Registrant's telephone number, including area code:

(646) 356-0200

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On October 4, 2018, Castle Brands Inc. (the “Company”), and its wholly-owned subsidiary, Castle Brands (USA) Corp. (“CB-USA”), entered into a Fifth Amendment (the “Amendment”) to that certain Amended and Restated Loan and Security Agreement (as amended, the “Loan Agreement”), dated as of September 22, 2014, with ACF FinCo I LP (“ACF”), to amend certain terms of the Company’s existing \$23,000,000 revolving credit facility (the “Facility”) with ACF.

Among other changes, the Amendment increases the maximum amount of the Facility from \$23,000,000 to \$25,000,000 and amends the definition of borrowing base to increase the amount of borrowing that can be collateralized by inventory. The Company and CB-USA paid ACF an aggregate \$50,000 commitment fee in connection with the Amendment.

In connection with the Amendment, the Company and CB-USA also entered into an Amended and Restated Revolving Credit Note (“Revolving Note”).

The foregoing summary is qualified in its entirety by reference to the text of the Amendment and Revolving Note attached hereto as exhibits 4.1 and 4.2, respectively, and incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information in Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed as exhibits to this Report on Form 8-K:

[4.1 Fifth Amendment to the Amended and Restated Loan and Security Agreement, dated as of October 4, 2018, by and among ACF FinCo I LP, the Company and Castle Brands \(USA\) Corp.](#)

[4.2 Amended and Restated Revolving Credit Note, dated as of October 4, 2018, in favor of ACF FinCo I LP.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Castle Brands Inc.

October 5, 2018

By: /s/ Alfred J. Small

Name: Alfred J. Small

Title: SVP, CFO, Treas. & Secretary

**FIFTH AMENDMENT
TO THE
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT
BETWEEN
CASTLE BRANDS INC.,
CASTLE BRANDS (USA) CORP.
AND
ACF FINCO I LP
DATED AS OF SEPTEMBER 22, 2014**

FIFTH AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Fifth Amendment to Amended and Restated Loan and Security Agreement (this "*Amendment*") is dated as of the date of execution of this Amendment by "Lender" (as defined below) (the "*Effective Date*") and is by and among **CASTLE BRANDS INC.**, a corporation organized under the laws of the State of Florida ("*CBF*"), and **CASTLE BRANDS (USA) CORP.** a corporation organized under the laws of the State of Delaware ("*CBUSA*") (individually and collectively, "*Borrower*"), and **ACF FINCO I LP**, a Delaware limited partnership and successor-in-interest to Keltic Financial Partners II, LP ("*Lender*").

RECITALS:

Borrower and Lender are parties to an Amended and Restated Loan and Security Agreement dated as of September 22, 2014, as amended by a First Amendment dated as of August 7, 2015, by a Second Amendment dated as of August 17, 2015, by a Third Amendment dated as of October 18, 2017, and by a Fourth Amendment dated as of May 15, 2018 (as so amended, the "*Loan Agreement*"), in connection with which Borrower delivered an Amended and Restated Revolving Credit Note dated May 15, 2018 in a maximum principal amount of **\$23,000,000** (the "*Revolving Credit Note*"), and other agreements, documents and instruments in connection therewith (all of the foregoing, as the same may be amended, restated, or otherwise modified from time to time to be collectively referred to as the "*Loan Documents*").

Borrower has requested that Lender increase the "Revolving Credit Limit" (as described in the Loan Agreement) by \$2,000,000, and increase the maximum amount of Inventory to be considered under the "Borrowing Base" (as described in the Loan Agreement) by \$2,000,000. Upon the terms and conditions contained in this Amendment, Lender has agreed to amend the Loan Agreement as provided below.

AGREEMENT:

1. Defined Terms. Unless otherwise defined in the Recitals or in the body of this Amendment, all capitalized terms shall have the meanings ascribed to such terms in the Loan Documents.

2. Borrower Representations. Borrower hereby represents to Lender, that:

(a) All Loan Documents executed by Borrower, including without limitation the Loan Agreement, constitute valid and legally binding obligations of Borrower, enforceable against Borrower in accordance with the terms thereof;

(b) Borrower has no claims, offsets, counterclaims, or defenses with respect to the payment or performance of any Obligations owing to Lender under any of the Loan Documents;

(c) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing under the terms of the Loan Documents; and

(d) As a material inducement to Lender entering into this Amendment, Borrower acknowledges and agrees that Lender is relying on the accuracy and veracity of each of the above representations.

3. Loan Agreement Amendments. The Loan Agreement is hereby amended as follows:

- (a) Revolving Credit Limit. The reference to “TWENTY THREE MILLION AND 00/100 DOLLARS (\$23,000,000.00)” contained in clause (a) of Section 2.1 of the Loan Agreement is hereby deleted in its entirety and replaced with “**TWENTY FIVE MILLION AND 00/100 DOLLARS (\$25,000,000.00)**”.
- (b) Borrowing Base. Clause (ii) of paragraph (b) of the definition of “Borrowing Base” contained in the Definitions Schedule of the Loan Agreement is hereby amended by deleting the reference to “Ten Million and 00/100 Dollars (\$10,000,000.00)” contained therein, and by substituting therefor “Eleven Million and 00/100 Dollars (\$11,000,000.00)”.

4. Amended and Restated Revolving Credit Note. As a condition precedent to the effectiveness of this Amendment and specifically Lender’s increase of the Revolving Credit Limit, on or before the date of this Amendment Borrower shall execute and deliver to Lender an Amended and Restated Revolving Credit Note in form and content acceptable to Lender in Lender’s sole discretion.

5. Reimbursement of Lender. As consideration for Lender’s increase of the Revolving Credit and amendment of the Loan Agreement described above, and pursuant to Sections 3.4 and 10.10 of the Loan Agreement, Borrower shall (a) pay to Lender on the date hereof a commitment fee for the increase of the Revolving Credit in the amount of Fifty Thousand and 00/100 Dollars (\$50,000.00), and (b) reimburse, indemnify and hold Lender harmless for the reasonable fees and costs and expenses incurred by Lender for the services of legal professionals engaged by Lender in connection with the negotiation and preparation of this Amendment. With respect to any amount required to be paid or reimbursed by Borrower pursuant to the foregoing provisions of this paragraph 5, it is hereby agreed that Lender may charge any such amount to the Revolving Credit on the dates such payment is due or such reimbursement is made. Borrower acknowledges and agrees that on and after the Effective Date of this Amendment the Facility Fee shall be calculated based on the Revolving Credit Limit as amended by the terms hereof.

6. Refinancing Closing Fee. In the event Borrower refinances the Revolving Credit with Lender prior to July 31, 2019 to extend the Revolving Credit Termination Date beyond July 31, 2019, the Closing and Commitment Fee chargeable to Borrower and calculated based on the Revolving Credit Limit in connection with such refinancing shall disregard the increase in the Revolving Credit Limit effectuated by this Amendment (i.e., \$2,000,000.00). Notwithstanding anything to the contrary contained herein, Lender is not hereby agreeing to, or otherwise committing to, any refinancing or extension of the Revolving Credit beyond July 31, 2019, and any further amendment, restatement, extension or other modification of the Credit Agreement or any other Loan Document, including but not limited to a refinancing of the Revolving Credit as described above, shall be in Lender’s sole discretion.

7. Effective Date. This Amendment shall be effective as the Effective Date.

8. Specificity of Provisions. The amendments set forth herein are limited precisely as written and shall not be deemed to (a) be a consent to or a waiver of any other term or condition of the Loan Agreement or any other Loan Document, or (b) prejudice any right or rights which Lender may now have or may have in the future under or in connection with the Loan Agreement or any other Loan Document. From and after the Effective Date of this Amendment, whenever the Loan Agreement is referred to in the Loan Agreement or in any other Loan Document, it shall be deemed to mean the Loan Agreement as modified by this Amendment.

9. Binding Effect of Loan Documents. Borrower hereby acknowledges and agrees that upon giving effect to this Amendment, the Loan Agreement, the Revolving Credit Note and each other Loan Document shall continue to be binding upon such Borrower and shall continue in full force and effect.

10. Choice of Law. This Amendment and the legal relations among the parties hereto shall be governed by and construed in accordance with the internal laws of the State of New York without regard to conflicts of law principles.

11. Counterparts. This Amendment may be executed by one or more the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers.

LENDER:

ACF FINCO I LP

By: /s/ Oleh Szczupak
Name: Oleh Szczupak
Its: Vice President
Effective Date: 10/4/2018

BORROWER:

CASTLE BRANDS INC.

By: /s/ Alfred J. Small
Name: Alfred J. Small
Its: CFO
Date: 10/4/2018

CASTLE BRANDS (USA) CORP.

By: /s/ Alfred J. Small
Name: Alfred J. Small
Its: CFO
Date: 10/4/2018

AMENDED AND RESTATED REVOLVING CREDIT NOTE

\$25,000,000.00October 4, 2018
Tarrytown, New York

FOR VALUE RECEIVED, **CASTLE BRANDS INC.**, a corporation organized under the laws of the State of Florida ("**CBF**"), and **CASTLE BRANDS (USA) CORP.**, a corporation organized under the laws of the State of Delaware ("**CBUSA**") (collectively, "**Borrower**"), jointly and severally promise to pay to the order of **ACF FINCO I LP**, a Delaware limited partnership ("**Lender**"), at 560 White Plains Road, Suite 400, Tarrytown, New York 10591 or at such other place as Lender may from time to time in writing designate, the principal sum of each Advance made by Lender to Borrower under that certain Amended and Restated Loan and Security Agreement dated as of September 22, 2014 between Borrower and Lender, as amended by a First Amendment dated on or about August 7, 2015, by a Second Amendment dated on or about August 17, 2015, by a Third Amendment dated as of October 18, 2017, by a Fourth Amendment dated on or about May 15, 2018, and by a Fifth Amendment dated on or about the date of this Note (as so amended, together with all Exhibits and Schedules thereto, as the same may be subsequently amended, extended, restated or otherwise modified, the "**Loan Agreement**"). The aggregate unpaid principal balance hereof shall not exceed at any time the sum of **TWENTY FIVE MILLION AND 00/100 DOLLARS (\$25,000,000.00)**. Unless defined herein, capitalized terms shall have the meanings given such terms in the Loan Agreement.

The entire unpaid principal balance of this Note, all accrued and unpaid interest thereon, all fees, costs and expenses payable in connection with the Revolving Credit, and all other sums due hereunder and under the Loan Documents in connection with the Revolving Credit, shall be due and payable in cash **IN FULL** on the Termination Date.

Borrower shall pay interest on the outstanding principal amount of this Note to Lender until all Obligations with respect to this Note and the Revolving Credit have been finally and indefeasibly paid to Lender in cash and performed in full. Interest shall accrue daily on the daily unpaid principal amount of this Note, and Borrower shall pay interest to Lender monthly in arrears commencing on the first Banking Day of the calendar month immediately following the Effective Date and on the first Banking Day of each calendar month thereafter. The principal balance of this Note shall bear interest at the rate set forth in **Section 3.1** of the Loan Agreement, unless otherwise provided for by the terms of the Loan Agreement.

All repayments or prepayments of principal, all payments of interest and all payments of fees, costs and expenses payable in connection with the Revolving Credit shall be made by Borrower, or credited to the account of Borrower by Lender, pursuant to the terms of the Loan Agreement. Borrower may prepay the indebtedness evidenced by this Note in whole or in part pursuant to, and subject to, the applicable provisions of the Loan Agreement and Loan Documents.

This is the "Revolving Credit Note" referred to in the Loan Agreement and is entitled to the benefit of all of the terms and conditions and the security of all of the security interests, liens and encumbrances granted by Borrower or any other person to Lender pursuant to the Loan Agreement, all collateral security agreements executed and/or delivered by Borrower or any other person to Lender, and all of the other Loan Documents, including, without limitation, supplemental provisions regarding mandatory and/or optional prepayment rights and premiums. This Note amends and restates in its entirety, and is given in replacement of and in substitution for, but not in payment, extinguishment, satisfaction, discharge, termination or novation of, the Amended and Restated Revolving Credit Note executed and delivered by Borrower to Lender dated on or about May 15, 2018.

The entire unpaid Obligations and Indebtedness evidenced by this Note shall become immediately due and payable, without further notice to or demand of Borrower upon the happening of any Event of Default. After an Event of Default, Lender shall have all of the rights and remedies available to Lender as set forth in the Loan Documents, including but not limited to those relating to the enforcement of this Note and the collection of the Obligations owing in connection with this Note and the Revolving Credit.

The agreements, covenants, Indebtedness, liabilities and Obligations of Borrower set forth in this Note shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of the Revolving Credit is rescinded or must otherwise be restored or returned by Lender by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Borrower or any other Person, or any Property of Borrower or any other Person, or otherwise, all as though such payment had not been made.

Whenever any payment to be made under this Note shall be stated to be due on a day other than a Banking Day, such payment shall be made on the next succeeding Banking Day and such extension of time shall be included in the computation of any interest then due and payable hereunder.

The undersigned and all other parties who, at any time, may be liable hereon in any capacity waive presentment, demand for payment, protest and notice of dishonor of this Note. This Note and any provision hereof may not be waived, modified, amended or discharged orally, but only by an agreement in writing which is signed by the holder and the party or parties against whom enforcement of any waiver, change, modification, amendment or discharge is sought.

The agreements, covenants, Indebtedness, liabilities and Obligations of Borrower under this Note are joint and several obligations of each of the undersigned. Each of undersigned expressly represents that it is part of a common enterprise and that any financial accommodations by Lender under this Note and under the other Loan Documents are and will be of direct and indirect interest, benefit and advantage to the undersigned.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York, as the same may from time to time be in effect, without regard to principles of conflicts of laws thereof. This Note shall be binding upon Borrower, its successors and assigns, and shall inure to the benefit of Lender, its successors and assigns. Lender shall have the right, without the necessity of any further consent of or other action by Borrower, to sell, assign, securitize or grant participations in all or a portion of Lender's interest in this Note to other financial institutions of Lender's choice and on such terms as are acceptable to Lender in Lender's sole discretion. Borrower shall not assign, exchange or otherwise hypothecate any Obligations under this Note or any other rights, liabilities or obligations of Borrower in connection with this Note, in whole or in part, without the prior written consent of the Lender, and any attempted assignment, exchange or hypothecation without such written consent shall be void and be of no effect.

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[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Note on the day and year first above written.

CASTLE BRANDS INC.

By: /s/ Alfred J. Small
Name: Alfred J. Small
Title: CFO

STATE OF New York)
) SS.:
COUNTY OF New York)

On the 4th day of October in the year 2018, before me, the undersigned, a notary public in and for said state, personally appeared Alfred J. Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Donna Hibbert
Notary Public

CASTLE BRANDS (USA) CORP.

By: /s/ Alfred J. Small
Name: Alfred J. Small
Title: CFO

STATE OF New York)
) SS.:
COUNTY OF New York)

On the 4th day of October in the year 2018, before me, the undersigned, a notary public in and for said state, personally appeared Alfred J. Small, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Donna Hibbert
Notary Public
