Court File No. CV-1 5-1 1072-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ROYAL BANK OF CANADA

Plaintiff

and

AMBER LITE INC., AMBER LIGHTING LIMITED,
2213240 ONTARIO INC. and ALKA BHARGAVA

Defendants

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

FIRST REPORT OF RECEIVER

November 2, 2015

GrantThornton

Grant Thornton Limited
200 King Street West,
11th Floor
Toronto, Ontario
M5H 3T4

Grant Thornton

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Grant Thornton

INTRODUCTION

1. On September 2, 2015, Grant Thornton Limited ("**GTL**") was appointed as Receiver (the "**Receiver**") of Amber Lite Inc. ("**Amber Lite**"), Amber Lighting Limited ("**Amber Lighting**") and 2213240 Ontario Inc. ("**221**") (collectively the "**Debtors"**) by order of the Ontario Superior Court of Justice (the "**Receivership Order**"). A copy of the Receivership Order is attached hereto as **Appendix "1"**.
2. The senior officer and director of the Debtors is Sundeep Bhargava ("**Mr. Bhargava**").
3. Background information related to the operations of the Debtors is detailed in the affidavit of David Lai filed in support of the Royal Bank of Canada's ("**RBC**") application for the appointment of a receiver (the "**Lai Affidavit**"). A copy of the Lai Affidavit without appendices is attached hereto as **Appendix "2"**.
4. Amber Lighting owns real property located at 127 Westmore Drive, Unit 109 Etobicoke, Ontario ("**Westmore Drive**") and at 50 Leading Road, Unit 2, Etobicoke, Ontario ("**Leading Road**").
5. Amber Lite operated a lighting distribution business from Leading Road.
6. 221 owned certain equipment that was used by Amber Lite in its lighting business.
7. Pursuant to the terms of the Receivership Order, the Receiver was empowered and authorized to act in respect of the Property (as defined in the Receivership Order) and directed to, among other things, take possession of and exercise control over the Property, to receive, preserve and protect the Property, and to receive and collect all monies and accounts owing to the Debtors.

PURPOSE

8. The purpose of this the Receiver's First report to Court (the "**First Report**") is to advise the Court on the Receiver's activities since its appointment and to support the Receiver's request for an order:

    a. approving the First Report and the activities of the Receiver described therein;
    b. authorizing the Receiver to amend the Westmore Drive listing price as detailed herein;
    c. authorizing the Receiver to extend the Leading Road listing agreement to December 31, 2015, and to amend the Leading Road listing price as detailed herein;
    d. directing Mr. Bhargava to deliver the Debtors books and records and Equipment (as defined herein) to the Receiver; and
    e. sealing Confidential Appendices "1" through "4" until the closing of the sale of Westmore Drive and Leading Road or further order of the Court.

ACTIVITIES OF THE RECEIVER

9. Immediately upon being appointed Mr. Bhargava advised the Receiver that there was no insurance on Westmore Drive or Leading Road as Mr. Bhargava believed that the condominium corporation for each property would hold sufficient insurance. The Receiver therefore immediately made arrangements to insure both of these properties with the Receiver listed as an additional insured on the insurance policies.
10. On September 16, 2015, the Receiver sent the statutory Notices and Statements of Receiver pursuant the *Bankruptcy and Insolvency Act* to all known creditors of the Debtors and the Office of the Superintendent of Bankruptcy.
11. It appears that the Debtors had ceased operating prior to the appointment of the Receiver. No employees were therefore terminated as a result of the appointment of the Receiver. The *Wage Earner Protection Program Act* therefore does not appear to apply to any former employees of the Debtors.

12. The Receiver has not located any of the Debtors' books and records. The Receiver has obtained copies of the Debtors' bank statements and cancelled cheques from RBC and is in the process of arranging for CRA to conduct its trust examinations based on these limited records.

Westmore Drive

The Westmore Tenant

13. The Receiver attended at Westmore Drive immediately after being appointed. Upon attending the Receiver learned that Westmore Drive was occupied by a medical office.
14. The occupant provided the Receiver with an electronic unsigned lease between Shivani Parikh & Viplav Pankaj Parikh (RELAX ORTHOTICS & WELLNESS CENTRE INC.) (the "**Westmore Tenant**") and Amber Lighting (the "**Westmore Lease**").
15. The Westmore Tenant explained that it does not have a copy of a signed lease and that subsequent to receiving the electronic copy of the lease, all negotiations with Amber Lighting were verbal.
16. The Receiver has obtained a purported extension to the Westmore Lease dated February 26, 2012 (the "**Westmore Lease Extension Agreement**") from Mr. Bhargava.
17. The Receiver sent a letter to the Westmore Tenant on October 8, 2015 explaining that the Receiver expressed no opinion on the validity of the Westmore Lease or the Westmore Lease Extension Agreement and that the Receiver expressly reserved its rights to terminate the Westmore Lease in accordance with the terms of the Appointment Order.
18. The Westmore Tenant has agreed to continue making rent payments to the Receiver in accordance with the Westmore Lease and the Westmore Lease Extension Agreement for the duration of its occupancy of Westmore Drive.

Sale of Westmore Drive

19. On June 13, 2015, Amber Lighting entered into a real estate listing agreement with HomeLife/United Realty Inc. ("**HomeLife**") to list Westmore Drive for sale with an asking price of $395,000. The listing expires on December 30, 2015.
20. The Receiver has spoken to the HomeLife agent who has advised that there has been little interest in the property. The HomeLife agent further advised that in his opinion the listing price was grossly overstated and although he had advised Mr. Bhargava of this when the listing was signed, Mr. Bhargava had insisted on this inflated listing price.
21. The Receiver asked that the HomeLife agent provide the Receiver an recommended adjusted listing price supported by local comparable listings and sale data. The HomeLife agent thereafter provided an analysis with a recommended listing price. A summary of this analysis is attached hereto as **Confidential Appendix "1"**.
22. The Receiver also engaged Colliers International Realty Advisors Inc. ("**Colliers**") to conduct an appraisal of Westmore Drive the ("**Westmore Drive Appraisal**"). Details of the Westmore Drive Appraisal are also attached in **Confidential Appendix "1"**. A full copy of the Westmore Drive Appraisal is attached hereto as **Confidential Appendix "2"**.
23. Based on the information provided by the HomeLife agent and Colliers the Receiver requests that the Court authorize the Receiver to reduce the listing price as detailed in **Confidential Appendix "1".**

Leading Road

The Leading Road Tenant

24. The Receiver attended at Leading Road immediately after being appointed. Upon attending the Receiver learned that most of Leading Road was occupied by a church.
25. The occupant provided the Receiver with a lease between the New Jerusalem Church of God (the "**Leading Road Tenant**") and 2213241 Ontario Ltd. (the "**Leading Road Lease**").

26. 2213241 Ontario Ltd. is the Lessor under the Leading Road Lease however 2213241 Ontario Ltd. is not the owner of Leading Road, nor is it a respondent in this proceeding, however, a corporate search of 2213241 Ontario Ltd. discloses that Mr. Bhargava is the sole Director of the company. A copy of the Corporate Profile Report for 2213241 Ontario Inc. is attached hereto as **Appendix "3"**.
27. The Receiver sent a letter to the Leading Road Tenant on October 8, 2015 explaining that the Receiver expressed no opinion on the validity of the Leading Road Lease and that the Receiver expressly reserved its rights to terminate the Leading Road Lease in accordance with the terms of the Appointment Order.
28. The Leading Road Tenant has agreed to continue making rent payments to the Receiver in accordance with the Leading Road Lease for the duration of its occupancy of the Leading Road.

<u>Sale of Leading Road</u>

29. On June 17, 2015, Amber Lighting entered into a real estate listing agreement with Century 21 Leaders Realty Ltd. ("**Century 21**") to list Leading Road for sale with an asking price of $468,000. The listing expired on October 31, 2015.
30. The Receiver has spoken to the Century 21 agent who has advised that there has been minimal interest in the property with no offers. The Century 21agent further advised that in his opinion the listing price was grossly overstated and although he had advised Mr. Bhargava of this when the listing was signed, Mr. Bhargava had insisted on this inflated listing price.
31. The Receiver asked that the Century 21agent provide the Receiver a recommended adjusted listing price supported by local comparable listings and sale data. The Century 21agent thereafter provided an analysis with a recommended listing price. A summary of this analysis is attached hereto as **Confidential Appendix "3"**.
32. The Receiver also engaged Colliers to conduct an appraisal of Leading Road (the "**Leading Road Appraisal**"). Details of the Leading Road Appraisal are also attached in **Confidential Appendix "3".** A full copy of the Leading Road Appraisal is attached hereto as **Confidential Appendix "4"**.

33. Based on the information provided by the Century 21agent and Colliers the Receiver requests that the Court authorize the Receiver to extend the Century 21 listing agreement to December 31, 2015 and to reduce the listing price as detailed in **Confidential Appendix "3".**

Books and Records and Equipment

34. As detailed in paragraph 42 of the Lai Affidavit, on June 8, 2015, Amber Lite provided RBC with a letter in which Amber Lite provides RBC with a listing of equipment owned by 221 (the "**June 8 Letter**"). This listing includes the following equipment:
    a. 2 Conware Belt Machine and Assembly Line;
    b. 2 Sand Grinder Machines;
    c. 1 Multiple Sand Grinder Machine;
    d. 1 Hand Press Drill Machine Big;
    e. 1 Small Hand Press Drill Machine;
    f. 2 Assembly Tables;
    g. 2 Rivet Machine Foot Press; and
    h. 1 Power Press Machine

A copy of the June 8 Letter is attached hereto as **Appendix "4"**.

35. Mr. Bhargava also provided RBC with an invoice from Tony Supply and Demand Inc. ("**Tony Supply**") in support of 221's application for financing from RBC (the "**Tony Supply Invoice**"). The address for Tony Supply as stated on the invoice is 3441 Sanderling Crescent, Mississauga, ON. The Receiver has visited this location and determined that it is a residential property. The registered office address for Tony Supply on Demand Inc. is 207-65 Wellesley Street East, Toronto, ON. A copy of the Tony Supply Invoice and the Corporation Profile Report for Tony Supply are attached hereto as **Appendix "5"** and **Appendix "6"** respectively.
36. While some equipment in question appears on both the June 8 Letter and the Tony Supply Invoice, there are several pieces of equipment listed on the Tony Supply Invoice that are not included in the June 8 Letter including:

a. Skid wrapping machine (the "**Skid Wrapping Machine**");

b. Lazer drill machine; and

c. Sky Jack machine (the "**Sky Jack**")

37. At the onset of the Receivership, Mr. Bhargava called the Receiver and offered to deliver equipment owned by 221 (the "**Equipment** "). The Receiver followed up over the following weeks by email, phone and text to arrange to pick up the Equipment.

38. On October 15, 2015, Mr. Bhargava called the Receiver and offered to deliver the Skid Wrapping Machine and the Sky Jack to the Receiver.

39. Since receiving Mr. Bhargava's phone call on October 15, 2015, the Receiver has made numerous attempts to contact Mr. Bhargava to make arrangements to take possession of the Debtor's books and records and the Equipment however until October 21, 2015, Mr. Bhargava did not respond to the Receiver.

40. On October 21, 2015, Mr. Bhargava called the Receiver and advised that he had been out of town since October 15, 2015, but that he would arrange to deliver the Debtor's books and records to the Receiver by November 15, 2015. He also stated that while he was unwilling to tell the Receiver where the Skid Wrapping Machine and the Sky Jack were currently located, he would make arrangements for these items to be delivered to the Receiver by November 3, 2015.

41. Finally, Mr. Bhargava advised the Receiver that the balance of the Equipment was located at Leading Road. A preliminary review of the assets located at Leading Road suggests that, contrary to Mr. Bhargava's assertion, most of the Equipment is not located at Leading Road.

42. On October 27, 2015, the Receiver's counsel sent a letter to Mr. Bhargava's counsel advising that the Receiver intended to bring a motion before the Court the week of November 9, 2015 to request an order to, among other things, compel Mr. Bhargava to deliver the Debtor's books and records and Equipment to the Receiver.

43. As of the date of this First Report Mr. Bhargava has not delivered either the Debtor's books and records or the Equipment to the Receiver. The Receiver therefore requests that the Court issue an order compelling Mr. Bhargava to deliver the Debtor's books and records and Equipment to the Receiver forthwith.

44. If and when Mr. Bhargava delivers the Skid Wrapping Machine, the Sky Jack, and any other Equipment in his possession, the Receiver will conduct a review of the Equipment in its possession to determine what Equipment remains outstanding.

CONFIDENTIAL INFORMATION

45. The Receiver is of the view that the Confidential Appendices "1" through "4" should remain sealed until the earlier of the completion of the sale of Westmore Drive and Leading Road or further order of the Court as the information contained therein is commercially sensitive and could prejudice the sale process. In the absence of a sealing order, potential purchasers would have access to information obtained by the Receiver which may impact the price that interested purchasers are willing to offer for Westmore Drive and Leading Road.
46. The Receiver does not believe that any party will suffer prejudice if the information in Confidential Appendices is sealed in this manner.

RELIEF REQUESTED

47. Based upon the foregoing, the Receiver respectfully requests that the Court issue an order for the relief set out in paragraph 8 hereof.

All of which is respectfully submitted,

GRANT THORNTON LIMITED
as Court appointed Receiver of
Amber Lite Inc., Amber Lighting Limited and 2213240 Ontario Inc.

Per:

Jake Wiebe, CPA, CA, CIRP
Senior Vice President

Court File No. CV-15-11072-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	**WEDNESDAY, THE 2ND**
	)	
JUSTICE NEWBOULD	)	**DAY OF SEPTEMBER, 2015**

SUPERIOR COURT OF JUSTICE JUSTITIA COUR SUPÉRIEURE DE JUSTICE

ROYAL BANK OF CANADA

Plaintiff

\- and -

AMBER LITE INC., AMBER LIGHTING LIMITED, 2213240 ONTARIO INC. and ALKA BHARGAVA

Defendants

ORDER
(appointing Receiver)

THIS MOTION made by the Plaintiff for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing **GRANT THORNTON LIMITED** as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of **AMBER LITE INC., AMBER LIGHTING LIMITED and 2213240 ONTARIO INC.** (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the affidavit of David Lai sworn August 12, 2015 and the Exhibits thereto and on hearing the submissions of counsel for the Plaintiff, no one appearing for the Debtors although duly served as appears from the affidavit of service of Karen Fox sworn August 17, 2015, and on reading the consent of Grant Thornton Limited to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the **"Property"**).

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;

(g) to settle, extend or compromise any indebtedness owing to the Debtors;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

   (i) without the approval of this Court in respect of any transaction not exceeding $100,000.00, provided that the aggregate consideration for all such transactions does not exceed $500,000.00; and

   (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

   and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;

(r) to make an assignment in bankruptcy on behalf of the Debtors; and

(s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the

Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may

terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*,

the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its

legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $100,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the **"Receiver's Borrowings Charge"**) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. **THIS COURT ORDERS** that the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

25. **THIS COURT ORDERS** that the Plaintiff, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at http://www.grantthornton.ca/

GENERAL

26. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

28. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

30. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP - 2 2015

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that GRANT THORNTON LIMITED, the receiver (the "Receiver") of the assets, undertakings and properties AMBER LITE INC., AMBER LIGHTING LIMITED and 2213240 ONTARIO INC. (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 2nd day of September, 2015 (the "Order") made in an action having Court file number CV-15-11072-CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of September, 2015.

GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ______________________________

Name:
Title:

B E T W E E N

ROYAL BANK OF CANADA	-and-	AMBER LITE INC., et al.
Plaintiff		Defendants

Court File No. CV-15-11072-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Mark A. Freake (LSUC# 63656H)
mfreake@mindengross.com
Tel: 416-369-4326
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Lawyers for the Plaintiff/Moving Party,
Royal Bank of Canada

Court File No. CV-15-11072-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

and

AMBER LITE INC., AMBER LIGHTING LIMITED,
2213240 ONTARIO INC. and ALKA BHARGAVA

Defendants

AFFIDAVIT OF DAVID LAI
(Sworn August 12, 2015)

I, DAVID LAI, of the Town of Richmond Hill in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a manager in the Special Loans and Advisory Services Department ("**SLAS**") of the plaintiff, Royal Bank of Canada ("**RBC**"). I have responsibility for matters pertaining to Amber Lite Inc. ("**Amber Lite**"), Amber Lighting Limited ("**Amber Lighting**") and 2213240 Ontario Inc. ("**2213240**") (collectively referred to herein as the "**Amber Companies**"), and as such have personal knowledge of the matters to which I depose herein.

2. I am making this affidavit in support of a motion by RBC for the appointment of a receiver of all of the assets, undertakings and properties of the Amber Companies.

Where this affidavit is based upon information received from others, I verily believe that information to be true.

The Amber Companies

3. Amber Lite was incorporated on February 8, 2008 pursuant to the laws of Ontario. Its registered office address is 105 Calderstone Road, Brampton, Ontario, L6P 2P1. A copy of Amber Lite's corporation profile report is attached hereto and marked as **Exhibit "A"** to this my affidavit.

4. Amber Lighting was incorporated on July 23, 2003 pursuant to the laws of Ontario. Its registered office address is 50 Leading Road, Unit #2, Etobicoke, Ontario, M9V 4B5. A copy of Amber Lighting's corporation profile report is attached hereto and marked as **Exhibit "B"** to this my affidavit.

5. 2213240 was incorporated on July 28, 2009 pursuant to the laws of Ontario. Its registered office address is 105 Calderstone Road, Brampton, Ontario, L6P 2P1. A copy of 2213240's corporation profile report is attached hereto and marked as **Exhibit "C"** to this my affidavit.

6. Sundeep Bhargava, aka Sunny Bhargava ("**Sundeep**"), is the sole director of Amber Lite and 2213240 and is an officer and director of Amber Lighting.

7. Alka Bhargava ("**Alka**") is an officer and director of Amber Lighting.

8. The Amber Companies carry on business as manufacturers and distributors of lighting and electrical fixtures and supplies, among other things.

The Amber Lite Loans

9. Amber Lite is currently indebted to RBC in respect of certain credit facilities granted by RBC under a loan agreement dated July 10, 2012, and amended by amending agreements dated January 27, 2014 and June 23, 2014.

10. Under the loan agreement, RBC extended the following credit facilities to Amber Lite:

(a) Facility #1: a revolving demand facility in the amount of $530,000; and

(b) Facility #2: Visa business facilities to a maximum of $30,000.

11. A copy of the Amber Lite's loan agreement is attached hereto and marked as **Exhibit "D"** to this my affidavit.

12. The loan agreement provides, among other things, that the availability of the loan facilities is at the sole discretion of RBC and is repayable on demand notwithstanding compliance with the covenants and all other terms and conditions of the loan agreement.

13. As security for Amber Lite's obligations, RBC obtained the following:

(a) General Security Agreement executed by Amber Lite on March 5, 2009;

(b) Postponement and Assignment of Claim from Sundeep dated October 12, 2010;

(c) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $560,000 signed by 2213240 and supported by a General Security Agreement executed by 2213240 dated October 12, 2010;

(d) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $560,000 signed by Amber Lighting and supported by a General Security Agreement executed by Amber Lighting on November 26, 2007; and

(e) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $560,000 signed by Sundeep.

14. Copies of the above security documents are attached hereto and marked as **Exhibit "E"** to this my affidavit.

15. RBC perfected its security interest against Amber Lighting under the General Security Agreement pursuant to the provisions of the *Personal Property Security Act (Ontario)* (**"PPSA"**). A copy of the current Personal Property Security Registration System search result against the Amber Lite, dated February 5, 2015, is attached hereto and marked as **Exhibit "F"** to this my affidavit.

The Amber Lighting Loans

16. Amber Lighting is currently indebted to RBC in respect of certain credit facilities granted by RBC under a loan agreement dated July 10, 2012.

17. Pursuant to the loan agreement, RBC extended the following credit facilities to Amber Lighting:

(a) Facility #1: a revolving demand facility in the amount of $20,000;

(b) Facility #2: a fixed rate term facility in the amount of $167,732.98;

(c) Facility #3: a fixed rate term facility in the amount of $209,551.03;

(d) Facility #4: a fixed rate term facility in the amount of $91,000; and

(e) Facility #5: a fixed rate term facility in the amount of $57,000.

18. A copy of the Amber Lighting's loan agreement is attached hereto and marked as **Exhibit "G"** to this my affidavit.

19. As security for Amber Lighting's obligations, RBC obtained the following:

(a) General Security Agreement executed by Amber Lighting dated November 26, 2007;

(b) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $550,000 signed by 2213240 and supported by a General Security Agreement executed by 2213240 dated October 12, 2010;

(c) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $550,000 signed by Amber Lite and supported by a

General Security Agreement executed by Amber Lite on March 4, 2008;

(d) Joint and Several Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $550,000 executed by Sundeep and Alka;

(e) Postponement and Assignment of Claim from Sundeep dated November 24, 2007;

(f) Postponement and Assignment of Claim from Alka dated November 24, 2007;

(g) First collateral mortgage in the amount of $224,000 signed by Amber Lighting registered on August 2, 2012 against 127 Westmore Drive, Unit 9, Etobicoke, Ontario;

(h) Notice of Assignment of Rents signed by Amber Lighting registered on August 2, 2012 against 127 Westmore Drive, Unit 9, Etobicoke, Ontario;

(i) First collateral mortgage in the amount of $301,000 signed by Amber Lighting registered on August 2, 2012 against 50 leading Road, Unit 2, Toronto, Ontario; and

(j) Notice of Assignment of Rents signed by Amber Lighting registered on August 2, 2012 against 50 leading Road, Unit 2, Toronto, Ontario.

20. Copies of the above security documents are attached hereto and marked as **Exhibit "H"** to this my affidavit.

21. RBC perfected its security interest against Amber Lighting under the General Security Agreement pursuant to the provisions of the PPSA. A copy of the current Personal Property Security Registration System search result against the Amber Lighting, dated February 5, 2015, is attached hereto and marked as **Exhibit "I"** to this my affidavit.

22. Amber Lighting is currently in arrears in respect of the loan facilities which constitutes an event of default under the loan agreement.

The 2213240 Loans

23. 2213240 is currently indebted to RBC in respect of certain credit facilities granted by RBC under a loan agreement dated July 10, 2012.

24. Pursuant to the loan agreement, RBC extended the following credit facilities to 2213240:

(a) Facility #1: a revolving demand facility in the amount of $100,000;

(b) Facility #2: Visa business facilities to a maximum of $10,000;

(c) Facility #3: a fixed rate term facility in the amount of $58,708.24.

25. Pursuant to a separate small business loan agreement dated October 9, 2010, RBC extended the following credit facility to 2213240:

(a) Facility #4: a variable rate term facility in the amount of $350,000.

26. The funds from the small business loan were used to finance the purchase of certain manufacturing equipment and machinery (the "**SBL Assets**") which, I understand, were to be located at 2213240's premises at 50 Leading Road, Toronto, Ontario.

27. As security for 2213240's obligations, RBC obtained the following:

(a) General Security Agreement executed by 2213240 on October 12, 2010;

(b) Guarantee and Postponement of Claim dated July 13, 2012 in the amount of $170,000 signed by Sundeep;

(c) Guarantee and Postponement of Claim dated October 12, 2010 in the amount of $87,500 signed by Sundeep;

(d) Postponement and Assignment of Claim from Sundeep dated October 12, 2010; and

(e) Security Agreement (Chattel Mortgage for Other than Inventory and Consumer Goods) executed by 2213240 dated October 12, 2010.

28. The Security Agreement (Chattel Mortgage for Other than Inventory and Consumer Goods), above, secured RBC's financing of the SBL Assets.

29. Copies of the above loan agreements and security documents are attached hereto and marked as **Exhibit "J"** and **Exhibit "K"** to this my affidavit.

30. RBC perfected its security interest against 2213240 under the General Security Agreement pursuant to the provisions of the PPSA. A copy of the current Personal Property Security Registration System search result against the 2213240, dated February 5, 2015, is attached hereto and marked as **Exhibit "L"** to this my affidavit.

31. 2213240 is currently in arrears in respect of its loan facilities. Moreover, I have been advised by Sundeep that 2213240 has ceased operations.

Transfer to SLAS

32. In or about February 2015, the Amber Companies' accounts were transferred to SLAS for review. At that time, several of the accounts had been flagged due to non-sufficient funds activity in the accounts, cash flow difficulties and discrepancies between the companies' bank account activity and its monthly margining reports to RBC.

33. Upon reviewing the accounts, I further noted that, in breach of the loan agreements, none of the Amber Companies had delivered financial statements for the 2014 fiscal year. Under the loan agreements, such statements must be delivered within 90 days of each fiscal year end.

34. The Amber Companies' financial condition continued to deteriorate over the following months and by May 2015 several accounts were delinquent.

35. On or about May 27, 2015, I contacted Sundeep and asked him to provide an update on the Amber Companies financial condition and to provide a clear timeline for repayment of the companies' indebtedness to RBC.

36. From my conversations with Sundeep I gathered that 2213240 had ceased operations and that the SBL Assets had been moved from 2213240's premises. Accordingly, I asked Sundeep to also provide a detailed listing of the SBL Assets as well as their current location. Sundeep advised that he would deliver a schedule of loan payments and a detailed equipment listing to me by May 29, 2015.

37. I did not receive the requested documents or any further correspondence from Sundeep by the May 29, 2015 deadline.

38. On June 4, 2015, I received an email from Sundeep in which he asked to arrange a meeting with me to discuss the payment plan and to deliver the requested documents.

39. I responded on the same day suggesting that we meet on the following day, June 5, 2015, at 10:00 a.m. I also asked that Sundeep bring a sworn personal statement of affairs to the meeting, which is an annual requirement under the loan agreements.

40. Sundeep failed to attend the June 5, 2015 meeting and did not deliver the requested documents. As such, the meeting was re-scheduled for Monday, June 8, 2015 at 10:00 a.m.

41. On Monday, June 8, 2015, at 8:51 a.m., Sundeep emailed me to advise that he would not be able to attend our 10:00 a.m. meeting because of a prior court

commitment. Attached hereto and marked as **Exhibit "M"** to this my affidavit is a copy of my email correspondence with Sundeep in this regard.

42. Sundeep's lack of urgency to meet with RBC and in addressing the Amber Companies' breaches of the loan agreements was very concerning. Our June 8, 2015 meeting was not re-scheduled, however, I did receive a letter from Sundeep later that day with a listing of the SBL Assets. Attached hereto and marked as **Exhibit "N"** to this my affidavit is a copy of Sundeep's letter dated June 8, 2015.

43. In light of the Amber Companies' breaches of the loan agreements, together with Sundeep's repeated failure to address the breaches with RBC, RBC determined to issue demands against each of the Amber Companies in respect of their indebtedness to RBC and against Sundeep and Alka under their guarantees.

The Demands

44. By letter dated June 9, 2015, Minden Gross LLP ("**Minden Gross**"), on behalf of RBC, demanded repayment of the amounts owing to RBC by Amber Lite (the "**Amber Lite Demand**") and delivered a Notice of Intention to Enforce Security pursuant to s. 244 (1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") to Amber Lite. Copies of the Amber Lite Demand and Notice of Intention to Enforce Security are attached hereto and marked as **Exhibit "O"** to this my affidavit.

45. By letter dated June 9, 2015, Minden Gross, on behalf of RBC, demanded repayment of the amounts owing to RBC by Amber Lighting (the "**Amber Lighting Demand**") and delivered a Notice of Intention to Enforce Security pursuant to s. 244 (1) of the BIA to Amber Lighting. Copies of the Amber Lighting Demand and Notice of

Intention to Enforce Security are attached hereto and marked as **Exhibit "P"** to this my affidavit.

46. By letter dated June 9, 2015, Minden Gross, on behalf of RBC, demanded repayment of the amounts owing to RBC by 2213240 (the "**2213240 Demand**") and delivered a Notice of Intention to Enforce Security pursuant to s. 244 (1) of the BIA to 2213240. Copies of the 2213240 Demand and Notice of Intention to Enforce Security are attached hereto and marked as **Exhibit "Q"** to this my affidavit.

47. By way of demand letters sent on June 9, 2015, RBC made demand on Sundeep and Alka under their respective guarantees of the debts of the Amber Companies to RBC.

48. As of the date of this affidavit, the Amber Companies have not repaid their indebtedness to RBC and Sundeep and Alka have not made any payments under their guarantees.

Statement of Claim

49. On July 14, 2015, RBC issued a Statement of Claim against Sundeep in respect of his guarantees of the indebtedness of the Amber Companies to RBC. On August 12, 2015, RBC issued a Statement of Claim against the Amber Companies and Alka in respect of the Amber Companies' indebtedness to RBC and in respect of Alka's guarantee. Copies of the Statements of Claim are attached hereto and marked as **Exhibit "R"** and **Exhibit "S"** to this my affidavit.

Basis for the Appointment of a Receiver

50. As of the date hereof, the indebtedness owing by the Amber Companies to RBC, exclusive of all fees (including legal fees), costs and expenses incurred by RBC in the enforcement of its rights and remedies in respect of the obligations owing to RBC by the Amber Companies, is:

(a) in respect of Amber Lite, in excess of $571,129.03;

(b) in respect of Amber Lighting, in excess of $448,030.93;

(c) in respect of 2213240, in excess of $217,364.26.

51. Despite numerous efforts by RBC and its counsel, Minden Gross, to work with Sundeep to address the Amber Companies' breaches of the loan agreements and to enforce RBC's security, Sundeep has not cooperated.

52. As indicated above, RBC holds General Security Agreements against the assets of the Amber Companies and a Security Agreement (Chattel Mortgage for Other than Inventory and Consumer Goods) against the SBL Assets. On or about July 13, 2015, RBC retained Adam Moscowitz of Platinum Asset Services Inc. to conduct an appraisal of the Amber Companies' assets, including the SBL Assets.

53. RBC's counsel, Minden Gross, has reached out to the Amber Companies' counsel, Mark Klaiman of Klaiman Edmonds LLP, on several occasions in order to locate the SBL Assets for the purpose of conducting the appraisal. Attached hereto and marked as **Exhibit "T"** to this my affidavit are copies of various emails from Ken Kallish

of Minden Gross to Mr. Klaiman with respect to the SBL Assets, which have gone unanswered.

54. I have been advised by Mr. Moscowitz that he has also made several attempts to arrange an attendance at 2213240's premises, 50 Leading Road, Toronto, Ontario, to conduct the appraisal. For example, attached hereto and marked as **Exhibit "U"** to this my affidavit is a copy of email correspondence between Mr. Moscowitz and Sundeep in which Sundeep indicated that he available to meet with Mr. Moscowitz on August 5, 2015. Mr. Moscowitz has advised me that this meeting did not happen and that he has not been able to arrange another attendance.

55. Since issuing the demands, RBC has obtained realty tax certificates from the City of Toronto in respect of tax arrears owing by Amber Lighting in the amount of $20,208.08, as of June 26, 2015. The tax arrears are in respect of two properties owned by Amber Lighting, 50 Leading Road, Unit 2, Toronto, Ontario and 127 Westmore Drive, Unit 9, Toronto, Ontario. Both of these properties are subject to first collateral mortgages in favour of RBC. Attached hereto and marked as **Exhibit "V"** to this my affidavit are copies of the tax certificates.

56. Further, on July 30, 2015, RBC received a letter from Toronto Standard Condominium Corporation No. 1646 ("**TSCC 1646**") which gave notice that TSCC 1646 will be proceeding to register a certificate of lien on title to 50 Leading Road, Unit 2, Toronto, Ontario, for arrears for common expenses. As indicated above, RBC has a first collateral mortgage against this property, which is owned by Amber Lighting.

Attached hereto and marked as **Exhibit "W"** to this my affidavit is a copy of the letter from TSCC 1646.

57. Given the Amber Companies' breaches of the loan agreements, their failure to repay their obligations to RBC under the loan agreement, their failure to advise of the location of the SBL Assets, their failure to provide access to their premises for the purpose of conducting an appraisal, the evidence of tax arrears and a common expenses arrears in respect of their properties, among other reasons, I believe that a court appointed receiver would be best placed to: (i) realize upon the assets of the Amber Companies including the assets that are subject to RBC's security; and (ii) maximize the recovery for the benefit of RBC and all creditors.

58. RBC wishes to take any and all steps necessary to preserve and protect the assets of the Amber Companies that are subject to RBC's security and to recover and realize on the same.

59. RBC considers it reasonable and prudent for it to begin the enforcement of its security in an effort to recover its outstanding loans to the Amber Companies and it is within RBC's rights to do so. RBC believes that the appointment of a receiver will enhance the prospect of recovery by RBC and protect all stakeholders.

60. I believe that in all of the circumstances, it would be just and convenient for the Court to appoint a receiver as sought in RBC's motion.

61. RBC proposes that Grant Thornton Limited ("**Grant Thornton**") be appointed as receiver of the Amber Companies. Grant Thornton has consented to act as court-appointed receiver with respect to the Amber Companies. A copy of this consent is attached hereto as **Exhibit "W"**.

62. I make this affidavit in support of RBC's motion for the appointment of a receiver over the assets of the Amber Companies, and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 12TH day of August, 2015.	))))))))	
A Commissioner, Etc.		**DAVID LAI**

#2397271 | 4093532

B E T W E E N

ROYAL BANK OF CANADA
Plaintiff

-and-

AMBER LITE INC., et al
Defendants

Court File No. CV-15-11072-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DAVID LAI
(Sworn August 12, 2015)

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Mark A. Freake (LSUC# 63656H)
mfreake@mindengross.com
Tel: 416-369-4326
Fax: 416-864-9223

Lawyers for the Plaintiff,
Royal Bank of Canada

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**	**Incorporation Date**
2213241	2213241 ONTARIO INC.	2009/07/28
		Jurisdiction
		ONTARIO
Corporation Type	**Corporation Status**	**Former Jurisdiction**
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE

Registered Office Address

105 CALDERSTONE DRIVE

BRAMPTON
ONTARIO
CANADA L6P 2P1

Mailing Address

NOT AVAILABLE

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	**Maximum**	**Date Commenced in Ontario**	**Date Ceased in Ontario**
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2213241	2213241 ONTARIO INC.

Corporate Name History	Effective Date
2213241 ONTARIO INC.	2009/07/28

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:
Name (Individual / Corporation)

SUNDEEP

BHARGAVA

Address

105 CALDERSTONE DRIVE

BRAMPTON
ONTARIO
CANADA L6P 2P1

Date Began	First Director	
2009/07/28	YES	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2213241	2213241 ONTARIO INC.

Last Document Recorded

Act/Code	**Description**	**Form**	**Date**
CIA	ANNUAL RETURN 2012	1C	2013/06/22 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

Monday June 8, 2015

Amber Lite Inc
50 Leading Road
Toronto, ON M9V 4B5

✓

To: Royal Bank Of Canada
20 King Street West
9th floor, Toronto ON M5H1C4

Kind Attn: Mr. David Lai

List of Machinery as under 2213240 Ontario Inc.
2 No Conware Belt Machine and Assembly Line
2 No Sand Grinder Machine
1 No Multiple Sand Grinder Machine
! No Hand Press Drill Machine Big
1 No small Hand Press Drill Machine
2 No Assembly Table
2 No Rivet Machine Foot Press
1 No Power Press Machine

127 West More Drive Unit 109 Etobicoke / Market Value 425,000.00
50 Leading Road Unit 2 Etobicoke / Market Value 475,000.00

RBC Loan Amber Lighting Limited / Loan is 450,000.00 the balance after the sale will be transferred to Amber Lite Inc. towards the Line of Credit and balance 150,000.00 I Am selling my property to pay of the Balance loan to clear Amber Lite Inc.

2213240 Ontario Inc. secured Loan and balance payment of line and term loan arranging money to pay from arranging funds from my father in India

If you have any further questions, kindly contact me at 416-826-2962

With best regards,

Sundeep Bhargava

Gst # 854824653 RT0001

Tony Supply on Demand Inc.

3441 Sanderling Crescent
Mississauga, ON L5L 3P4
Phone: 905 580 6680

RESIDENTIAL

Bill to: 2213240 Ontario Inc
87 Caster Avenue
Woodbridge, ON L4L 5Z2

Date: November 17th, 2010
Invoice #: 0786

Model #	Description	QTY	Price (CAD $.)	Amount (CAD $.)
NFANFN2006	Rivet LZ Machine 120V	2	14, 600.00	29, 200.00
NAZM24ACQ	12M Conveyer Assembly Line Machine 224V/120V	2	63500.00	127,000.00
NSAHPK60SC	Skid rapping machine 120V	1	28,500.00	28,500.00
16221-1	Laser Drill LZ Machine 120V	2	25,900.00	51,800.00
	Sky Jack Machine	1	27950.00	27,950.00

more information required contract or a breakdown of what is actually induced for $298,828.50

Cheque Deposit Received for: $128, 000.00
Cheque #: 0003 Dated: November 17th, 2010

Total	264,450.00
HST	34,378.50
Freight	00.00
Total Amount	298,828.50
Deposit:	128,000.00
New Total:	170,828.50

r/c/e attached

Chq received as Deposit

HST/GST no Required - not you used

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2213087	TONY SUPPLY ON DEMAND INC.	2009/07/24
		Jurisdiction
		ONTARIO

Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE

Registered Office Address

65 WELLESLEY STREET EAST

Suite # 207
TORONTO
ONTARIO
CANADA M4Y 1G7

Mailing Address

NOT AVAILABLE

Date Amalgamated	Amalgamation Ind.
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
00001	00007	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2213087	TONY SUPPLY ON DEMAND INC.

Corporate Name History	Effective Date
TONY SUPPLY ON DEMAND INC.	2009/07/24

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:

Name (Individual / Corporation)	Address
ASHFAQ WAHEED SIDDIQI	65 WELLESLEY STREET EAST **Suite #** 207 TORONTO ONTARIO CANADA M4Y 1G7

Date Began	First Director	
2009/07/24	YES	

Designation	Officer Type	Resident Canadian
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2213087	TONY SUPPLY ON DEMAND INC.

Last Document Recorded

Act/Code	**Description**	**Form**	**Date**
BCA	ARTICLES OF INCORPORATION	1	2009/07/24 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.