

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *V K Delivery & Moving Services Ltd. (Re)*,
2025 BCSC 2454

Date: 20251209
Docket: S252336
Registry: Vancouver

In the Matter of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36, as Amended

and

In the Matter of the *Business Corporations Act*,
S.B.C. 2002, c. 57, as Amended

and

In the Matter of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as Amended

In the Matter of a Plan of Compromise and
Arrangement of
V K Delivery & Moving Services Ltd.,
Product Line Holdings and Logistics Ltd.,
VK 24/7 Logistics Solutions Ltd. and
VK Linehaul Ltd.

Petitioners

- and -

Docket: S251855
Registry: Vancouver

Between:

Royal Bank of Canada

Petitioner

And

**V K Delivery & Moving Services Ltd.,
VK Linehaul Ltd.,
Product Line Holdings and Logistics Ltd., and
VK 24/7 Logistics Solutions Ltd.**

Respondents

- and -

Docket: S255836
Registry: Vancouver

Between:

Royal Bank of Canada

Plaintiff

And

Ved Parkash Kaler and Gurdip Kaler

Defendants

Before: The Honourable Justice Basran

**Oral Reasons for Judgment Re Further Extension of
Stay of Proceedings**

In Chambers

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Place and Date of Hearing:

Vancouver, B.C.
December 4, 2025

Place and Date of Judgment:

Vancouver, B.C.
December 9, 2025

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Overview

[1] The petitioners, V K Delivery & Moving Services Ltd., Product Line Holdings and Logistics Ltd. (“Product Line”), VK Linehaul Ltd., and VK 24/7 Logistics Solutions Ltd. (collectively, the “VK Group”) are subject to proceedings pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 [CCAA] with a stay expiring on December 17, 2025 (the “CCAA Proceedings”). Crowe MacKay & Company Ltd. (the “Monitor”) is the court-appointed monitor over the VK Group.

[2] The VK Group seeks to extend the stay of proceedings to February 27, 2026 (the “2026 Stay Period”).

[3] Royal Bank of Canada (“RBC”) opposes the stay extension and, instead, requests an order pursuant to s. 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 [BIA] to appoint MNP Ltd. (“MNP”) as a receiver and manager over all of the VK Group’s assets, undertakings, and property (the “VK Property”) because the VK Group has not produced a viable plan of arrangement (“POA”).

[4] The VK Group submits that a further stay extension is justified because they:

- a) paid Insurance Corporation of British Columbia (“ICBC”) \$150,000 and have completed the repayment of arrears;
- b) increased their business levels but experienced some net cash flow reductions from operations due to delayed recovery of receivables, partially because of a postal strike;
- c) paid \$800,000 towards its Canada Revenue Agency (“CRA”) deemed trust debt;
- d) continued operating without the need for further debt financing; and
- e) have the ongoing support of their proposed lender, BVD Capital Corporation (“BVD”).

[5] RBC’s arguments in respect of this application are:

- a) An order to extend the stay of proceedings to February 27, 2026 is inappropriate because to date, the stay of proceedings has not furthered the CCAA's purpose of facilitating a POA between the VK Group and its creditors. RBC points out that in respect of a proposed POA, it has a controlling vote that effectively is a veto. RBC will not support a POA that does not fully pay it out, so any POA is doomed to fail;
- b) The VK Group has not acted in good faith or with due diligence over the previous stay periods, namely, June 25, 2025, September 17, 2025, and December 17, 2025, because:
 - i. the VK Group has not been able to secure financing from a lender that would fully repay RBC;
 - ii. the VK Group owed approximately \$2.337 million to CRA in respect of pre-filing deemed trust arrears (the "CRA Arrears") as of September 9, 2025. Only \$800,000 of the expected \$960,000 has been paid to CRA to reduce the CRA Arrears;
 - iii. the VK Group has not been making post-filing payments towards their outstanding lease agreements with RBC (the "RBC Leases") and has allowed other creditors to enforce against their security after the order of a ten-day stay in respect of proceedings against the VK Group pursuant to the CCAA was granted by the Court on May 16, 2025 (the "Initial Order");
 - iv. Instead of reducing the Indebtedness, the VK Group transferred over \$200,000 USD held in a Product Line bank account at RBC Georgia, U.S. (the "RBC Georgia Account") to the VK Group's Toronto-Dominion Bank accounts (the "TD Accounts");
 - v. RBC has been prejudiced by having to forego its contractual right to appoint a receiver over the VK Property while the RBC collateral depreciates in value, interest continues to accrue, and professional fees are incurred; and

vi. the actual-to-budget variance analysis (the “Variance Analysis”) in the Monitor’s Fourth Report does not reflect that the VK Group:

- (1) made additional payments to ICBC;
- (2) used the RBC Georgia Account funds for other expenses instead of reducing its indebtedness; and
- (3) did not pay all the RBC Leases during the Stay Period.

[6] For these reasons, RBC has lost confidence in the VK Group during this CCAA proceeding.

Factual Background

Procedural History

[7] On February 13, 2025, RBC issued demand letters (the “Demand Letters”) and notices of intention to enforce security pursuant to s. 244 of the *BIA* to the VK Group after it defaulted under their loan agreements with RBC (the “Loan Agreements”).

[8] RBC filed a petition for the appointment of a receiver (the “RBC Petition”).

[9] On March 27, 2025, the VK Group filed its petition in these proceedings (the “VK Petition”) for creditor protection under the CCAA.

[10] As noted, on May 16, 2025, this Court granted the Initial Order, appointing the Monitor over the VK Group and a stay of proceedings for a ten-day period until May 27, 2025, pursuant to the CCAA. The RBC Petition was adjourned to May 27, 2025.

[11] Pursuant to further orders of this Court, the stay periods were extended:

- 1) On May 27, 2025, by reasons for judgment indexed as 2025 BCSC 1091, the amended and restated Initial Order (the “ARIO”) was granted, extending the stay period to June 25, 2025. The RBC Petition was adjourned to June 25, 2025.

- 2) On July 21, 2025, by reasons for judgment indexed as 2025 BCSC 1415, the stay period was extended to September 17, 2025 (the “July 2025 Reasons”); and
- 3) On September 9, 2025, by reasons for judgment indexed as 2025 BCSC 1961, the stay period was extended to December 17, 2025. The RBC Petition was adjourned to December 4, 2025.

VK Group’s Progress During the Stay Period

[12] As of December 1, 2025, the VK Group owes approximately \$7.4 million to RBC (the “Indebtedness”). This Indebtedness increases by approximately \$87,000 per month, plus accruing legal fees, and has increased by about \$840,000 since February 13, 2025.

[13] Notwithstanding the debtors stated intention, after almost seven months of CCAA protection, the VK Group has not produced a POA.

BVD Financing Proposal

[14] The BVD financing proposal (the “BVD Financing”) offers credit facilities to the VK Group on, among others, the following terms:

- a) Credit facilities in the maximum amount of \$8.35 million consisting of a demand loan facility in the amount of \$3 million and an accounts receivable factoring facility in the amount of \$5.35 million;
- b) the accounts receivable facility would be advanced on 98% of the VK Group’s eligible accounts receivable;
- c) providing confirmation that a POA has been developed and approved by the VK Group’s creditors and the Court;
- d) the VK Group shall have satisfied its obligations for rent, insurance, and to other key creditors;

- e) a POA by the VK Group will pay out the Indebtedness and any or all outstanding obligations due to the CRA in full; and
- f) the VK Group will provide management prepared financial statements no less than 15 days prior to the anticipated closing of the proposed facility and on an ongoing basis.

(the “BVD Financing Pre-Conditions”)

[15] The BVD Financing may not be advanced because:

- a) the initial advance of \$8.35 million is insufficient to pay the CRA Arrears and the Indebtedness in full, totaling over \$8.9M as of December 1, 2025. The Indebtedness consists of:
 - i. \$1.537 million, the estimated outstanding balance of the CRA Arrears (based on total payments of \$800,000 to CRA);
 - ii. Over \$6.8 million of principal owing to RBC;
 - iii. Approximately \$268,000 of accrued interest; and
 - iv. About \$292,000 of professional fees and disbursements.
- b) There would have been a shortfall of at least \$515,500 to RBC if the BVD Financing was advanced as of December 1, 2025. The shortfall will probably increase with the passage of time and the BVD Financing will not pay the non-deemed trust amounts owing to the CRA;
- c) RBC will not agree to provide BVD with a first priority interest in the VK Property without being paid out in full;
- d) the VK Group has not completed the BVD Financing Pre-Conditions, including:

- i. contacting the prior mortgagees to seek their consent to the BVD Mortgage being registered against the collateral properties (the “Collateral Properties”);
 - ii. obtaining recent appraisals for the Collateral Properties. There may be insufficient equity in some or all of the Collateral Properties for BVD as they are already secured; and
 - iii. the VK Group will not have the financial statements required by BVD until at least mid-January 2026; and
- e) the VK Group have been late paying their monthly rent, post-filing CRA employee source deductions, and post-filing obligations to RBC and Bank of Montreal in respect of their financing leases.

The CRA Arrears

[16] According to the cash flow projection in the Third Report, \$960,000 was projected to be paid towards the CRA Arrears by December 3, 2025. \$800,000 has been paid to CRA towards the CRA Arrears as of December 4, 2025.

[17] Of the \$3.965 million owing to the CRA, \$2.337 million is a deemed trust claim. Accordingly, \$1.6 million may be payable to the CRA over a six-month period, pursuant to s. 6(3) of the CCAA. However, as of the date of the hearing on December 4, 2025, there is no agreement with the CRA on this issue. Nevertheless, the CRA supports the current stay extension application.

[18] During the current stay period granted to December 17, 2025, the VK Group used an “Investment Account” to aggregate funds for payment to the CRA. This is not a trust account and counsel for the VK Group declined to provide an undertaking that the funds paid into the Investment Account would be paid directly to CRA or be made available to the Receiver in a receivership proceeding. While these funds were held in the Investment Account without any undertakings, they could have been used for any other purpose by the VK Group.

The RBC Georgia Account

[19] Since June 2025, RBC has made efforts to set-off the funds held in the RBC Georgia Account against the Indebtedness.

[20] In October 2025, a VK Group company, Product Line, wired USD \$205,000 out of its RBC Georgia Account to a TD Account.

[21] On November 13, 2025, RBC discovered that in October 2025, substantially all the funds had been wired out of the RBC Georgia Account. The funds in the RBC Georgia Account were not provided to RBC, nor were they used to set off against the Indebtedness, as indicated by the VK Group and as contemplated in the Monitor's Third Report.

[22] As of December 1, 2025, the current account balance in the RBC Georgia Account is USD \$174.32.

The Lease Arrears

[23] As of December 1, 2025, the VK Group owed RBC approximately \$1.694 million in respect of post-filing payments under the RBC Leases. Only 5 out of the 42 payments which were due to be paid to RBC between May 16, 2025 and December 1, 2025 have been made. The post-filing arrears in respect of the RBC Leases as of December 1, 2025 are over \$354,000.

The VK Group is not meeting their post-filing liabilities as they come due

[24] The Monitor's actual-to-budget Variance Analysis for the period beginning August 28, 2025 to November 19, 2025 comparing the actual to budgeted changes in cash indicates the following:

- a) the VK Group was expected to earn \$110,228 in cash and have \$650,120 in cash on hand at the end of the analysis period. Instead, the VK Group lost at least \$420,634 in cash and had a closing cash position of \$119,258.

- b) The amount of cash that the VK Group actually lost is likely higher given that if it had paid the USD \$205,000 from the RBC Georgia Account to RBC, the Monitor would have identified this transaction as an increase to the Debt Servicing expense. Instead, these funds were presumably spent by the VK Group on its operations or used to make payments to the CRA and/or ICBC.

[25] In total, the VK Group lost at least \$100,724 in cash between April 1, 2025 and November 19, 2025, based on all the actual-to-budget variance analyses in all the Monitor's reports. This amount does not include approximately \$357,000 in unpaid leases and the USD \$205,000 from the RBC Georgia Account, presumably used during this period. Accordingly, the actual amount of cash lost during the CCAA proceeding is probably much higher than \$100,000.

[26] The VK Group accrued post-filing CRA employee source deductions arrears of \$210,000. This amount was subsequently paid.

The Monitor's Fourth Report

[27] The Monitor prepared a Fourth Report dated November 28, 2025. The report notes that there remains uncertainty regarding the timeline for the preparation of the financial information required for the BVD Financing and that the VK Group does not appear to have made substantial progress toward meeting the other BVD Financing Pre-Conditions.

[28] During the period from August 28, 2025 to November 19, 2025, the VK Group's closing cash was expected to be approximately \$650,000 but the actual cash was about \$119,000, a negative variance of almost \$531,000. Its total cash inflows were more than 20% lower than projected, and its cash disbursements for commissions/sub-contractors were \$610,244 higher than projected.

[29] The actual cash available at the end of the period from August 28, 2025 to November 19, 2025 does not include the expected use of the funds from the RBC Georgia Account to pay down the debt owed to RBC. If this had happened, the

actual cash would have been more than \$280,000 lower so the actual closing cash would have been negative, and the total variance would have been about \$800,000 lower than expected.

[30] As of the date of the Fourth Report, the Monitor noted unpaid post-filing arrears of \$210,000 in respect of the post-filing CRA employee source deductions and the post-filing arrears in respect of the RBC Leases of over \$330K.

[31] The Monitor confirmed that without GST refund claims, potential corporate tax losses to reduce taxable income in prior tax years, and additional payments towards the CRA Arrears, the BVD Financing is not sufficient to pay out the claims of CRA and RBC as of December 4, 2025.

[32] Based on a cash flow projection to February 27, 2026, the Monitor predicts that the VK Group will not require additional financing to maintain their operations to that date.

[33] It is unclear on what basis the Monitor, in its Fourth Report prepared on November 28, 2025, determined that the projection of VK Group's cash on hand on December 4, 2025 will start at \$250,000. At best this is an estimate. The Variance Analysis indicates that on November 19, 2025, the VK Group had \$119,258 cash on hand. Between November 19, 2025 and December 4, 2025, the Monitor indicates that the VK Group will have made payments and funded its ongoing obligations.

[34] In summary, the Monitor believes that the VK Group continues to act in good faith and with due diligence. It believes that there remains a reasonable prospect of the VK Group making a viable POA if the stay extension is granted. The Monitor cautiously recommends that the Court grant a stay extension to February 27, 2026 on the basis that the petitioners file a POA prior to the end of this period.

Legal Principles

CCAA

[35] The court may grant a further extension of the stay if it is satisfied that:

- a) the petitioner has acted and is acting in good faith and with due diligence;
and
- b) circumstances exist that make a stay of proceedings appropriate.

CCAA, ss. 11.02(2) and (3).

[36] In considering if an extension of the stay period is appropriate, the court determines whether the extension advances the remedial purposes of the CCAA: *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at para. 70; *Worldspan Marine Inc. (Re)*, 2011 BCSC 1758 at para. 12; July 2025 Reasons at para. 23.

[37] The appropriateness of the stay extension is assessed by considering if the order advances the policy objectives underlying the CCAA. The “chances for successful reorganization are enhanced when participants achieve common ground, and all stakeholders are treated advantageously and fairly, as circumstances permit”. The purpose of the CCAA is to “facilitate the survival of going concerns” by “permitting the debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating assets”: *Century Services Inc.* at paras. 70 and 15; July 2025 Reasons at para. 24.

[38] A stay extension should only be granted in furtherance of the CCAA’s purpose of facilitating a POA between the debtor companies and their creditors. Other factors to be considered on an application for a stay include:

- 1) the debtor’s progress during the previous stay period(s) toward a restructuring;
- 2) whether the creditors will be prejudiced if the court grants the extension;
and
- 3) the comparative prejudice to the debtor, creditors, and other stakeholders in not granting the extension.

See: *Worldspan Marine Inc. (Re)*, 2011 BCSC 1758 at paras. 17, 21–22, citing *Cliffs Over Maple Bay Investments Ltd v. Fisgard Capital Corp.*, 2008 BCCA 327 at para. 26.

[39] Under the *BIA*, a s. 50(1) Division I General Scheme for Proposal permits an insolvent company to have creditor protection for a maximum of five months plus 30 days before their creditors must vote on a POA. If an insolvent company does not put a POA before its creditors in that time, they are deemed to have made an assignment into bankruptcy: *BIA* ss. 50(1) and 50.4(8) to (10).

[40] By contrast, the *CCAA* does not impose a maximum stay period as companies with significant debts sometimes require flexibility and additional time to deal with their complex facts and claims.

[41] There are no set circumstances where a stay will or will not be lifted, although examples of situations where the courts have lifted stay orders include when:

- a) the plan is likely to fail;
- b) the applicant shows hardship caused by the stay, independent of any pre-existing condition of the applicant creditor;
- c) the applicant would be significantly prejudiced by refusal to lift the stay and there would be no resulting prejudice to the debtor company or the positions of creditors;
- d) after the lapse of a significant time period, the debtor company is no closer to a proposal than at the commencement of the stay period;
- e) there is a real risk that a creditor's loan will become unsecured during the stay period; and/or
- f) it is in the interests of justice to do so.

Canwest Global Communications Corp. (Re), 2011 ONSC 2215 at para. 26

Receivership

[42] The court has jurisdiction to appoint a receiver pursuant to s. 243(1) of the *BIA*, s. 39 of the *Law and Equity Act*, R.S.B.C. 1996, c. 253, as amended, and Rule 10-2(1) of the *Supreme Court Civil Rules* [SCCR].

[43] Section 243(1) of the *BIA* provides:

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

- (a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;
- (b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or
- (c) take any other action that the court considers advisable.

[44] Section 39 of the *Law and Equity Act* provides:

Injunction or mandamus may be granted or receiver appointed by interlocutory order

39 (1) An injunction or an order in the nature of mandamus may be granted or a receiver or receiver manager appointed by an interlocutory order of the court in all cases in which it appears to the court to be just or convenient that the order should be made.

(2) An order made under subsection (1) may be made either unconditionally or on terms and conditions the court thinks just.

(3) If an injunction is requested either before, at or after the hearing of a cause or matter, to prevent any threatened or apprehended waste or trespass, the injunction may be granted if the court thinks fit, whether the person against whom the injunction is sought is or is not in possession under any claim of title or otherwise or, if out of possession, does or does not claim a right to do the act sought to be restrained under any colour of title, and whether the estates claimed by both or by either of the parties are legal or equitable.

[45] Rule 10-2(1) of the *SCCR* provides:

Appointment of receiver

(1) The court may appoint a receiver in any proceeding either unconditionally or on terms, whether or not the appointment of a receiver was included in the relief claimed by the applicant.

[46] The test for the appointment of a receiver requires the court to consider whether doing so would be “just or convenient” in the circumstances: *Ward Western Holdings Corp. v. Brosseuk*, 2022 BCCA 32 at para. 49.

[47] This court adopted the following non-exhaustive list of factors to be considered in determining whether it is “just or convenient” in the circumstances to appoint a receiver: *Maple Trade Finance Inc. v. CY Oriental Holdings Ltd.*, 2009 BCSC 1527 [*Maple Trade*] at para. 25; *Bank of Montreal v. Haro-Thurlow Street Project Limited Partnership*, 2024 BCSC 47 [*Haro-Thurlow*] at paras. 72–73.

- a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed, particularly where the appointment of a receiver is authorized by the security documentation;
- b) the risk to the security-holder taking into consideration the size of the debtor’s equity in the assets and the need for protection or safeguarding of the assets while litigation takes place;
- c) the nature of the property;
- d) the apprehended or actual waste of the debtor’s assets;
- e) the preservation and protection of the property pending judicial resolution;
- f) the balance of convenience to the parties;
- g) the fact that the creditor has the right to appoint a receiver under the documentation provided for in the loan;

- h) the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulty with the debtor and others;
- i) the principle that the appointment of a receiver is extraordinary relief which should be granted cautiously and sparingly;
- j) the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties more efficiently;
- k) the effect of the order upon the parties;
- l) the conduct of the parties;
- m) the length of time that a receiver may be in place;
- n) the cost to the parties;
- o) the likelihood of maximizing return to the parties; and
- p) the goal of facilitating the duties of the receiver.

[48] In applying these factors, this court has held that the contractual right of a secured creditor in applying for a receiver under a security agreement is a 'strong factor' in support of the imposition of a receiver and that 'considerable weight' can be placed on that contractual right: *Maple Trade* at para. 26; *Haro-Thurlow* at paras. 72–73.

Positions of the Parties

[49] The VK Group submits that a stay extension is justified for three reasons:

- a) First, it continues to generate revenue of approximately \$3.131 million per month;
- b) Second, it has demonstrated the ability to make large payments to creditors while under an ARIO granted pursuant to the CCAA, including:

- i. \$800,000 payment to the CRA since September 2025; and
 - ii. Over \$1.65 million in past and current premiums paid to ICBC since May 2025 such that they are current with their ICBC premium payments.
- c) Third, it has the support of its proposed lender, BVD.

[50] RBC submits that the VK Group has not satisfied the test to justify the granting of the 2026 Stay Period in this CCAA proceeding because there is no POA and even if one is produced, it is doomed to fail. RBC further submits that it has lost confidence in the VK Group and by extension, the Monitor, and it resists involuntarily enabling the VK Group's operations while being prevented from asserting its contractual right to have a receiver appointed. It asserts that the VK Group has not made progress, and RBC has been prejudiced by this CCAA proceeding.

[51] RBC submits that this Court ought to exercise its discretion to appoint a Receiver and Manager over the VK Property of the VK Group.

Discussion

Stay Extension

[52] The lifting of the stay is discretionary. Over the past ten months, the VK Group's Indebtedness increased by about \$840,000. Notably, this amount is larger than the payments of \$800,000 made to the CRA. As a result, the interest on the indebtedness is accruing faster than the VK Group is paying down its arrears to the CRA.

[53] After almost seven months of CCAA protection, the VK Group has not produced a POA. RBC will not approve a POA unless it is fully repaid and RBC effectively holds a veto over the POA so even if one is produced, it is probably doomed to fail.

[54] The VK Group's use of an "Investment Account" to aggregate payments to the CRA and its unwillingness to provide undertakings in respect of the use of these

funds to ensure they would be used to pay CRA, is an example of the VK Group demonstrating bad faith. This is because the funds in the Investment Account could have been accessed and used by the VK Group for any other purpose they saw fit instead of directing these funds to the CRA.

[55] The VK Group also acted in bad faith by using the funds in the RBC Georgia Account instead of applying them to the Indebtedness owed to RBC. This conduct is inexcusable in the context of ongoing CCAA proceedings. Additionally, RBC's vehicle security continues to deteriorate. For these and other substantive reasons, RBC has understandably lost confidence in the VK Group.

[56] The post-filing arrears in respect of the RBC Leases as of December 1, 2025 are over \$354,000. The assertion made during submissions that these are capital leases and therefore not subject to payment was not substantiated with evidence and not confirmed by the Monitor. Effectively, during the current stay period, the VK Group paid \$800,000 to the CRA and \$150,000 to ICBC in part by failing to pay some of its ongoing expenses, such as payments on the RBC Leases. This further suggests that the VK Group's cash flow and business operations are not stabilizing and improving.

[57] In my view, the cash flow projections are unduly optimistic. Failing to pay budgeted lease expenses and statutory remittances, such as post-filing CRA employee source deductions, but purporting to have cash at the end of a period does not mean that the VK Group is meeting its financial obligations. If the lease expenses had been paid and the funds from the RBC Georgia Account had been used to reduce the indebtedness to RBC, the VK Group's cash position would have been negative by over \$500,000. Relatedly, the VK Group has consistently not met the projections in the five previous cash flow projections.

[58] In summary, I am satisfied that RBC is prejudiced by the continuation of the CCAA proceedings because:

- a) VK Group has been cash flow negative for most of the CCAA proceedings. It is not generating enough cash to pay its liabilities as they come due;
- b) the maximum amount of funds available to RBC from the BVD Financing, assuming the financing was advanced immediately is \$6.863 million, leaving a shortfall of approximately \$515,500. Accordingly, RBC will not be fully repaid;
- c) The VK Group has not made payments towards the CRA Arrears according to the timelines in the cash flow projections nor have they made all of the payments for the RBC Leases. Interest and expenses have accrued on the Indebtedness faster than the VK Group's reduction of the CRA Arrears;
- d) RBC's Collateral Properties consist primarily of the VK Group's vehicles. The longer RBC is stayed from enforcing against its security, the more this Collateral Property depreciates; and
- e) The VK Group acted in bad faith in relation to its failure to use the funds from the RBC Georgia Account to reduce its indebtedness to RBC and its unwillingness to provide undertakings in respect of the funds it accumulated in an Investment Account for eventual payment to the CRA.

[59] RBC is contractually entitled to the appointment of a receiver, and in my view, its rights will be unreasonably prejudiced by a further extension of the stay. The CCAA proceedings have been ongoing for almost seven months and the VK Group is not financially progressing. Its efforts towards developing a POA that will pay RBC out have been deficient.

[60] I am not convinced that there is utility in continuing with the CCAA proceedings. A further extension is not justified because the VK Group is not conducting itself in good faith and it is making insufficient progress towards stabilizing its operations.

[61] A continuation of the CCAA stay of proceedings would simply buy the VK Group more time at the expense of RBC. Even if a POA is completed, I am not satisfied that RBC will be fully repaid with BVD Financing. This would lead to an inevitable result because RBC has the power to effectively veto the POA. Extending the stay merely delays this expected outcome.

Receivership

[62] RBC is the first-ranking secured creditor of each entity in the VK Group, holding a security interest in all the present and after-acquired property of the VK Group (the “Security”). RBC issued the required demand letters to the VK Group and ten days have elapsed since the demand letters were received by the VK Group.

[63] The Security granted by each member of the VK Group authorizes RBC to appoint a receiver or a receiver manager over the VK Group upon default, and the VK Group have defaulted under the Loan Agreements and the Security.

[64] In my view, the balance of convenience is in favour of appointing a Receiver because:

- a) the appointment of a Receiver will provide oversight of the VK Group’s business and the ability to monitor and review related party payments, investigate any unusual activity, and secure the equipment and inventory;
- b) RBC has lost confidence in the ability of the management of VK Group to operate the business in a candid and commercially reasonable manner, and in compliance with the covenants and obligations owed by the VK Group under the Loan Agreements and the Security;
- c) other secured creditors of the VK Group, namely Bank of Montreal, support the appointment of a Receiver over the VK Property;
- d) a court appointment is necessary for the Receiver to effectively perform its duties and protect the VK Property from the risk of dissipation and to protect the interests of RBC and other stakeholders;

- e) while there is a cost of appointing a Receiver, the appointment of a Receiver may be similar to or a more cost-effective proceeding than these CCAA Proceedings; and
- f) RBC is acting in good faith and in a commercially reasonable manner in respect of the appointment of a Receiver. The appointment of the Receiver is in the best interests of all stakeholders of the VK Group as RBC is not the sole secured creditor of the VK Group.

Conclusion

[65] The extension of stay period sought by the VK Group to February 27, 2026 is denied.

[66] RBC's application for the appointment of a Receiver pursuant to s. 243(1) of the *BIA* is granted.

“Basran J.”