



One Nation | One Association

FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

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FOR IMMEDIATE RELEASE

FADA issues Legal Notice to UM Lohia & its Management through its counsel Khaitan & Co.

21st October'19, New Delhi: The Federation of Automobile Dealers Association (**FADA**) has taken up the cause of the dealers of 'UM Motorcycles', which motorcycles are manufactured and sold in India by UM Lohia Two Wheelers Pvt. Ltd (**UM Lohia**).

UM Lohia is a joint venture between the Lohia Group and UM Motorcycles, an American motorcycle company. The joint venture was set up in 2016 to manufacture and sell in India 'American' style motorcycles under the brand of 'UM Motorcycles'.

The dealers are aggrieved by the dishonesty and fraud on part of the management and promoters of UM Lohia, including founders Mr. Ayush Kumar Lohia and Mr. Jose Miguel Villegas, which has plagued the relationship between them since beginning and has caused huge losses to dealers as well as exposed them to unwarranted litigation from customers of UM Motorcycles.

The dealers' woes began as soon as UM Lohia entered the market with its motorcycles. It soon came to light that the so called 'American' motorcycles were actually being assembled from Chinese parts at UM *Lohia's* manufacturing plant in Kashipur, Uttar Pradesh. Consumer interest immediately dipped as no one wanted to purchase cheap Chinese replicas of 'American' motorcycles. The brand lost its value, and with it the investments of dealers, who were now holding a product few desired.

Further, at the time when the entire automobile industry in India was moving towards BS-IV emission standards, UM Lohia chose to enter the market by introducing BS-III motorcycles in the 2nd half of 2016, even though, the ban on sale of BS-III vehicles was to take effect in a few months, from April 2017. As soon as the ban on BS-III vehicles came into effect, the dealers of UM Lohia were left with a huge inventory of BS-III motorcycles which was not only undesired by customers but now also legally unsellable. UM Lohia, however, refused to compensate dealers for this unsellable stock and also refused to return the advance payments given by many dealers.

It is only after much cajoling that UM Lohia even acknowledged the problem. Even then, instead of buying back the BS-III motorcycles from the dealers and returning their advances, UM Lohia came up with the scheme to sell BS-IV motorcycles to dealers in lieu of their stock of BS-III motorcycles and advances. However, the BS-IV motorcycles supplied by UM Lohia were entirely unfit to ply on roads with several basic components such as EFI Module controller and Gear breaking down within few days of use of the motorcycles by the customers.

To make matters worse, UM Lohia has now surreptitiously folded up its operations and shut down its warehouse for spare parts making it impossible for dealers to service the warranty claims on the defective UM motorcycles. **As a result, many dealers have been exposed to litigation from customers of UM motorcycles.**



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In all this, **UM Lohia, its promoters and its management, have shown no inclination or interest in resolving the dealers' grievances, despite several attempts made by the dealers, first themselves, and then, through FADA.**

The promoters of UM Lohia have now started new ventures – the Lohia group is now investing in the e-vehicles segment and once again finding dealers for this new venture.

Accordingly, **to protect the interests of the customers and the dealers, FADA, through its counsel Khaitan & Co, has issued a legal notice to UM Lohia and its management**, calling upon them to redress all grievances of dealers relating to the losses suffered by dealers due to actions of UM Lohia and to take steps to ensure the maintenance and servicing of motorcycles already sold in accordance with the warranty terms and law.

If UM Lohia & its management does not respond to our legal notice, FADA will have no other option but to take appropriate legal measures against the Company, its Management and all others concerned with this matter. Simultaneously, FADA will also update and involve Government Authorities in this matter.

----- End of Press Release -----

About F A D A India

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.