

Dated: 01<sup>st</sup> Sep, 2021

Ref. No: 0134/09-21

To,

**Mr. Sunil Baby**

Mi India, Senior Director (Offline sales),  
Bangalore.

**Subject: - Stop anticompetitive, maintain level playing, Treat us equal.**

Greetings!

Trust, you and your loved ones are safe and healthy, especially in these challenging times.

As the custodians and catalysts to the Indian mobile retail Industry, it has been our intense effort to work ethically towards the betterment of the retail industry, and we sincerely appreciate the energy of your Brand.

As India's most youthful professionally managed association, we ensure utmost decency and believe in respecting what is suitable for the industry and oppose what goes against it.

### **Open channels for communication**

We tried connecting you many times through our letters and WhatsApp messages. However, you ignored them; instead, whenever we have vehemently opposed Xiaomi's discriminatory policies, you have met us just like last and before last Diwali to do the necessary corrections. Although, in two years, we have connected twice only, that too on strong opposition without giving any responses to the queries raised by the retail from time to time.

**We seriously fail to see or feel the so-called openness** and conviction at your end to resolve the issues raised by us on behalf of mobile retailers of the country, which is damaging the retailers' livelihood over the years.

We would like to apprise you that AIMRA is an organization with solid ethics and thinks on behalf of both sides, ensuring the betterment of the retail trade in the overall scenario, creating a win-win situation for all contributing to the development.

### **The actual challenge of MIPP (No point beating around the bush)**

MI-preferred partners have been suffering for a long due to your **organization's false promises/commitments**. Xiaomi team tries to convince us of little facts in the name of maintaining the balance between online and offline.



Just to refresh and recall, when Xiaomi came offline, it billed the stock to every retailer, and no doubt the response and the pull for the product brought good walk-ins to the shop and then Xiaomi stopped the billing.

Then came the promising retail policy where prominent retailers were asked or somewhat pressured under arm twisting conditions to replace their store's headers boards with Xiaomi's branding to get the stocks.

The whole agreement and terms were one-sided. The retailers were persuaded and pressured to commit header branding, 50% of in-store branding, significant counter share, and the store manager as mi-buddy to influence stores sale for Xiaomi over other competitive brands. Xiaomi team did not hand over the copy of the said agreement to most of the appointed partners. The terms and conditions of the one-sided agreement are duly attached for your kind reference.

For doing this, retailers faced the aggression and heat of the competitive brands whose brandings were replaced with Xiaomi to the extent that the competitive Brand stopped their billing. Not only this, the retailer not only lost its credibility and relationship with that competitive Brand but also lost substantial sales and customers of that Brand. It all happened for that one verbal promise of your respected CEO, Mr. Manu Kumar Jain, who committed priority billing to the newly appointed partners under Mi preferred partner program.

The business initially started well and was going great until Xiaomi began changing its policies and diverting from its initial promises and commitments to the retailers, who put everything at stake under the Mi-preferred partner program.

As a brand, *Xiaomi is also responsible for harming the sales of those retailers who could not commit you to all the terms and conditions of branding, and Xiaomi blocked their billing.*

Then the time came, Xiaomi was talking about **Honest pricing**. But, on the other hand, the Xiaomi team compelled MI-preferred partners to sell the same products at Rs.500 extra than the online prices to the offline customers - a deceitful act with the offline customers.

Mi-preferred partners raised this issue at multiple forums. Still, the Xiaomi team sold the same lame story irrespective of customers going back from Offline stores and getting diverted towards Online. So, few months down the line, a new offline vertical was launched as a franchise / Coco model known as **MI-home**.

Now, these Mi-homes, which were offline stores, started getting the stocks the **same day with Online flash sales** and that too at the **same price**, mind it not at Rs 500/- higher.



Now the so-called *preferred partners were not at par with the newly introduced Mi-home as well*. Xiaomi's new version explained that the Mi-homes are the offline extensions of online stores. Online and Mi-home were selling phones Rs.500 cheaper than all the stores in the offline vertical (MIPP, Modern trade and large format retail). The Brand was also ignorant of the retailer's image and reputation being tarnished. MIPP were called thugs (chor) at their shops by the walk-in customers, and Xiaomi **still has the spirit to call itself the Honest price brand?**

Finally, Xiaomi introduced other offline initiatives - Mi-Studio, Mi-store, Platinum partners. All these were placed well before thousands of Mi-preferred partners to get the stocks on the same day.

After three online sales, Mi-home, Mi-studio, mi-store, and platinum partners, the turn comes for billing preferred partners. But, to this day, they are paying the price for trusting the words of Shri Manu Kumar Jain.

Why first-day retailers were promised priority billing and kept in the dark about such upcoming changes in policies and plans; **if Brand had been honest**, it should have disclosed it before putting the retailers on the hot seat to become Preferred partners.

### **Let's together get factually correct.**

What's Xiaomi's explanation for the drastic drop in sales of its Mi-preferred partners compared to the exponential growth Online?

If the Brand claims to be balanced and honest and denies our representation as factually incorrect, then let's get the third-party audit done for offline and online billing. Otherwise, the facts can be found by the CCI investigation.

The only reason is the flash sales, window period of new products extended to Online channel for weeks, extra instant cashback to Online customers and Consistent preferential supplies of Xiaomi stocks online.

As per the GFK, Xiaomi claims growth of 5% offline but never mentioned exponential growth Online. So, Sir, that's what we have been asking for, **treat us equal** so that we also grow and not suffer and accuse you of the imbalance.

Xiaomi boasted selling 500 Crore worth of Note10 series on social media, but not even a single piece was billed to Mi-Preferred partner. If Xiaomi were that fair in maintaining the balance, 20,000 Mi-preferred partners would also have the stock. We are not surprised you are claiming to maintain balance, as it's one of the other lies in the cap to keep a false corporate image and blaming us for deformation for Xiaomi's lies.

**Sunil Ji, this is anguish, not tonality**, and I wish you could understand the true meaning of Integrity. It is a pain, suffering, distrust of your MI-preferred partners on Xiaomi. They were the **first to join the Xiaomi family as preferred partners but ironically the last one on stock priority**.

We would appreciate it if Xiaomi re-defines its business policy which it changed over a period, and **delivers what it promised to thousands of retailers, i.e., the first preference of getting stocks in the offline vertical**.

### **Online Window period Exclusivity.**

We had not been writing about the exclusivity of products, but the preferential selling-exclusive window period extended online. That is unfair and anti-competitive.

We had been talking about the balance supplies offline as well. So, there should be no hitch in being transparent about sharing the data, especially when Xiaomi stocks (Hero models) are always available online and are in shortage offline.

Is it unreasonable to question why the country's leading number-One Brand Xiaomi, which sells the maximum number of smartphones, cannot supply stocks to just 20,000 partners? But, on the other hand, number two and number three competitive brands can smoothly provide to 1.2 lacs and 90k retailers respectively, along with a decent market share at Online?

Sir, are the GFK figures about your sales are wrong or the intentions?

We would be more than happy to be proved wrong by sharing the actual numbers and the allotment ratio of stocks to each channel.

There is much anguish and arrogance in your reply mail and less explanation towards 20,000 partners for not billing them new launches for weeks and later in peace meals and the reason for not billing any stocks to the rest of the country's retailers.

### **Xiaomi should not be reacting.**

Instead, it should be worrying and thinking of its approach towards mainline retailers, which is anti-competitive, monopolistic, and a felony in aiding E-commerce for flouting the laws of the land. Xiaomi should try to understand the pain as to why partners are writing you so bluntly. Then, instead of contradicting our raised concerns, you should be working towards solving 20,000 MIPP's issues and problems.

Xiaomi realized the Karma of what goes around would come around. The retailer will take off its header branding. Therefore, it very smartly secured it by again trapping the retailers in awkward agreement against the promise of stocks.

With the hope of getting fair stocks, many new partners believed in the oral commitments. So, they got into an agreement depositing the security amount for its header branding boards. The retailer is refrained from removing the board, or else Xiaomi would forfeit his hard-earned money. No brand has done this ever in the last 26 years of this industry except Xiaomi – what's the fear if you are so balanced and fair with your partners?

### **How come there are better schemes for offline retail?**

We appreciate your efforts to maintain the same schemes, so-called better strategies for offline. We had been asking and raising over only one issue, which is only extended to Online for the last two years, and Xiaomi is funding, but the same has never been extended to offline partners. It's INSTANT CASHBACK.

Today we all know that instant cashback is the game-changer, and any customer would buy where he gets an instant discount and would not like to pay complete and wait for the deferred cashback to be credited in their account after 90-120 days. So, where would you buy as a consumer in such a high, competitive, price-sensitive market?

Disclaimers at online sales clearly state that all offers and discounts are funded/extended by the Brand only. Therefore, Xiaomi never denied or opposed these disclaimers, proves its support to online only.

Then how can Xiaomi claim about being fair or equal to offline partners when there is no level playing field.

### **Loss due to Fake / Pressure Activations.**

Since day one, Xiaomi being the sell-out company, the Brand's focus was to become Number-one, but at WHAT COST?

- The Rds / Xiaomi team asks retailers first to activate reserves stocks in hand for getting new supplies.
- Instead of price drops – last time support is offered in the form of activation sell out, which again leads to compulsive fake activation.
- The repeated Sell-out spikes by Xiaomi for a short period where the retailer lost his money substantially for activation not reflecting in DMS (treated as final by Xiaomi) and on Non-GST credit notes.
- The pressure of bundling and activating slow-moving stocks like Mi10 and Mi-11 series from the RDS and the Xiaomi team to allocate hero models.



All above constrain reasons due to the above compulsive activation policies are impelling retailers to activate stocks due to lack of choice and making them possible offenders under section IPC 420 and a party as a threat with National security agency.

We urge you to withdraw all such policies where the retailer is compelled to activate and sell the stocks and introduce a structure to upload the IMEI no. on GMCS to report sales.

### **Impact of shortage / no supplies in offline**

We are happy that Xiaomi is having gala days and sales like Diwali and is growing exponentially. But it was sad to see social media celebrations and news of making record-high sales, whereas, on the other hand, the offline channel was completely dry on stocks. Moreover, it was hurtful to learn that Xiaomi teams concerns were more significant for not delivering ample supplies Online for third sales. Still, no attention towards MI- preferred partners who went completely dry for the newly launched Note10 series stocks for months.

There is a vast difference between Aim to provide balance stocks versus making it happen; it's all about the true intention of the Brand.

### **Xiaomi's preference and inclination – Online or Offline?**

Multiple times, we have heard an explanation from you of Online being a cheaper platform building the Brand thus more profitable. The preference for flash sales is extended as they spend huge money on marketing.

Here we would like to remind you that the value of branding at the 20,000 stores must be in hundreds of crores, much higher than what Online spends.

Xiaomi has managed to acquire that by selling high hopes to MI-preferred partners in place of profitable business, unfortunately, which is not happening.

Xiaomi has undervalued the worth of branding it has placed at its offline partners.

### **Xiaomi's retail policy?**

We are still waiting to clarify Xiaomi's retail policy for billing the new launches to its Mi-preferred partners regarding their enrollment in the MIPP program four years back. We were promised stocks against header boards and why we should understand or accept the detrimental changes brought in billing preference, pushing MIPP from top priority to last.

It's a breach of trust and failure of commitment with your partners, and we are very much hurt emotionally and financially.

Being citizens of a democratic country and business partners, we have a right to ask you to share the Brands retail policy.

### **Mutual trust and collaborations.**

Xiaomi's business approach towards MIPP, which is hurting, will finally see opposition in a big way, and the Brand should amend this for the fruitful mutual collaboration.

Mutual growth/relationship begins to end the day we become ignorant/silent about matters. Trust can only be earned by positive action, not by words alone. Unfortunately, we have only asked to TREAT US EQUAL -which you are brushing aside every time.

As a young Professional association, we are proud custodians of the trade, stand for whatever is right, and place our views in a very parliamentary manner. Aimra is the voice of mobile retailers of the country, and its mission is to protect and safeguard its members from detrimental actions and trade policies.

We again request to honour your commitments to Mi-preferred partners who were the first to hold your hand in the offline channel. Therefore, MIPP is asking for a Balance, competitive and fair business policy in true spirit from Xiaomi.

To have a level playing field, we request billing of the Same Model, at the Same Time, with the Same offers at the Same Price.

Keeping self-conceit aside, Xiaomi should deliver what it promised.

We are waiting for much clarity of Xiaomi's retail and billing policy for India's 20,000 Mi-preferred partners and general retailers.

Warm Regards



**Navneet Pathak**

National Joint General Secretary

AIMRA

9829204040

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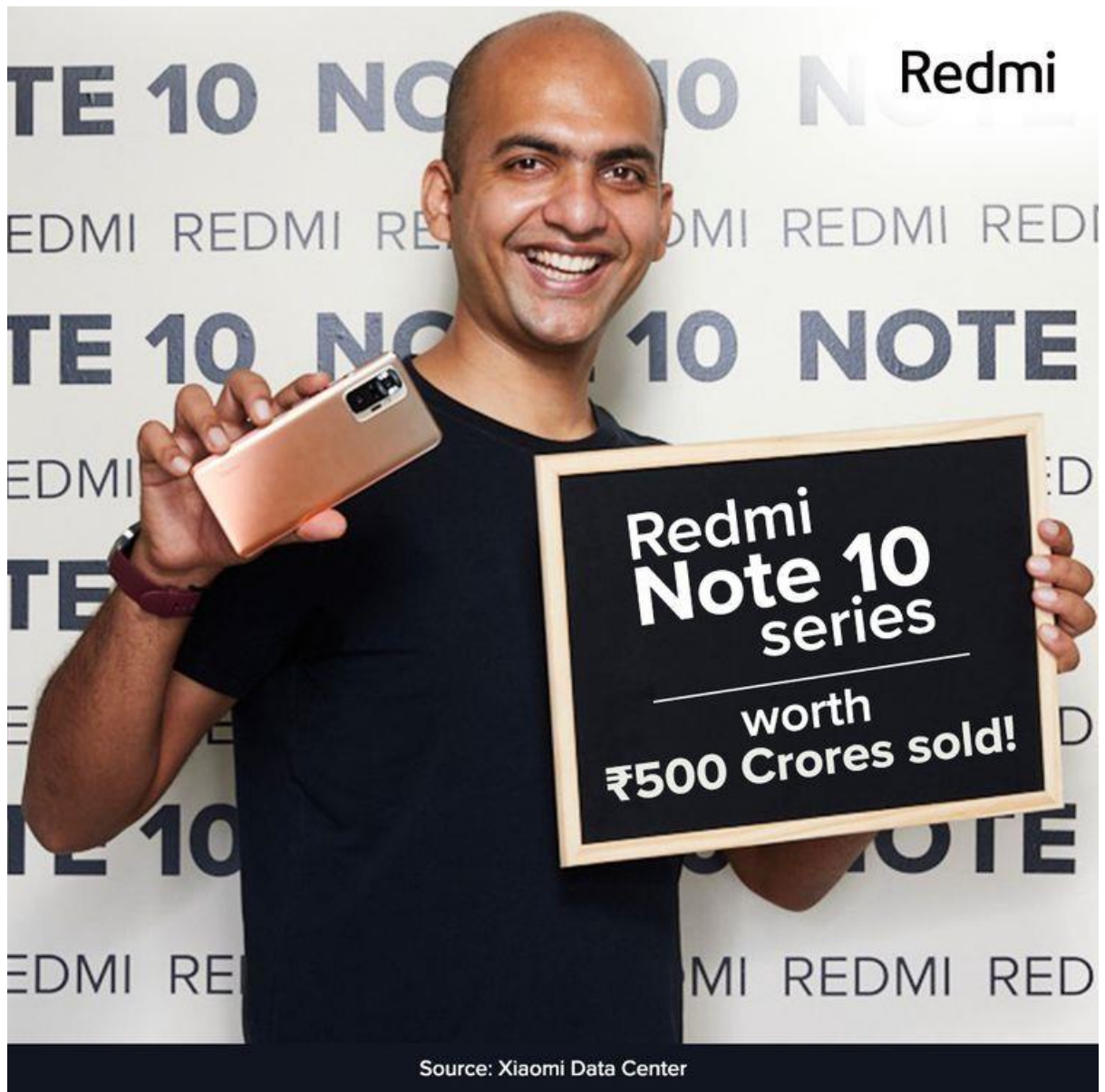
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Source: Xiaomi Data Center



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[@manukumarjain](#) Facts don't lie, please crosscheck the billing of your distribution channel to justify your claim which is factually incorrect - Zero billing of Note10 series to Pref Partners & general retailers by any Mi distributor before 29th March 2021 [twitter.com/ETTelecom/stat...](https://twitter.com/ETTelecom/stat...)

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Offline retailers write to Xiaomi, protest against online bias for Redmi Note 10 - ET Telecom

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**Notify Me**

Distributor Firm Name

Address

Sub: Enrollment in MI PPP Program & agreement of Program T&C

Dear Sir,

I want to participate in Xiaomi MI PPP Program and agree that I will follow and Implement all below mentioned Norms and guidelines

1. Provide relevant and priority space both in store and out of store for marketing elements
2. Outside Façade (Signage) MI Orange colored logo, with MI logo/Joint signage
3. Glass branding/entrance : dedicated to Xiaomi
4. Inside store: dedicated priority space/ Counter for MI Phones
5. Inside walls: 30% of the inside walls to be branded with MI Phones as per Xiaomi guidelines
6. Walls behind MI shelf /Counter must be colored MI Orange
7. Dedicated Manpower deployed from Retailer , Ideally wearing a MI shirt
8. Commitment on driving MI sales , 50%+ of store's sale from MI phones
9. Payment terms conditions

Ensure Hygiene is maintained:

- A. Adherence to pricing guidelines
- B. No redistribution of stock.
- C. No buying of stock from unauthorized distributors/channel
- D. No selling of fake Xiaomi phone or accessories
- E. Data reporting & accuracy

10. Be a MI Fan: Owner must use a MI Phone, Participate in Fan Community discussions, hold MI Fan Meets in the store and become the brand ambassador / evangelist for Xiaomi in the cluster.

In case found engaging in any of the practices which is against the company Policy. You may discontinue supply of product to me and can take assets back provided by company.

Retailer Name

TSE Name

Distributor Name

Sign and Signature

Sign and Signature

Sign and Signature

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