

FHRAI asks Oyo to clear dues of hoteliers

After hospitality firm Oyo filed preliminary papers with capital market regulator SEBI to raise Rs 8,430 crore through an initial share-sale, the Federation of Hotel & Restaurant Associations of India (FHRAI) has issued a press release where it states Oyo has made blatant misrepresentation in its draft Red Herring Prospectus (DRHP) claiming to not have any outstanding criminal proceedings against it.

FHRAI has said that hoteliers from across the country have reported several cases about Oyo's arbitrary cancellation or breach of contract and feels that Oyo should first clear the dues of distressed hoteliers and resolve existing issues with its hotel partners before filing for an IPO.

Mr. Gurbaxish Singh Kohli, Vice President, FHRAI said, in a statement in the press release: "Oyo has caused immense mental and financial trouble to hotel owners across the country on account of the non-payment of dues. Other than defaulting on payments, Oyo is known for unethical business practices which remain a major concern for small hoteliers. Oyo should first clear the dues of distressed hoteliers and resolve existing issues with its hotel partners. Many hoteliers from across the country have filed FIRs and criminal complaints against Oyo for unethical business practices leading to loss of business to their hotels.

The systemic depredation of the budget segment hotel business and its market as a means to achieve notional billion-dollar valuation is a serious cause of concern for the hospitality ecosystem of our country. Right after the pandemic hit the industry, Oyo resorted to manipulating agreements to coerce hoteliers out of it. Hoteliers from across the country are calling out Oyo for its belligerent business practices," said Mr. Pradeep Shetty, Jt. Hon Secretary, FHRAI.