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The Assam Tribune

PUBLISHED SIMULTANEOUSLY FROM GUWAHATI & DIBRUGARH

Pages 20 Price: ₹ 7.00

FHRAI urges SEBI again to suspend Oyo IPO process

NEW DELHI, Dec 16: Hospitality industry body FHRAI today again requested market regulator SEBI to suspend Oyo's IPO process, citing non-disclosure of an investigation against the hotel chain for tax evasion, an allegation which the company has strongly denied.

In a letter to the Chairman of Securities and Exchange Board of India (SEBI), Federation of Hotel & Restaurant Associations of India (FHRAI) Secretary-General Jaison Chacko said, "Oyo has failed to meet such threshold of disclosure to merit an approval from SEBI for an initial public offering (IPO)."

Earlier in October, FHRAI had urged SEBI to suspend Oyo's IPO process, drawing attention to irregularities, such as being engaged in anti-

competitive business practice and inadequate disclosures of critical court cases, among others, in its draft red herring prospectus (DRHP).

Oyo had, however, strongly refuted it, terming FHRAI's allegations as "ill-informed, manufactured and baseless lies".

In its latest letter to SEBI, FHRAI claimed that the Directorate General of GST Investigation (DGGI) has "booked a case of evasion of service tax/GST against M/s Oravel Stays Pvt Ltd (which runs Oyo) and its group companies".

"Furthermore, some members of FHRAI have received notices from the CGST department to join the investigation and produce documents in relation to their transactions with Oyo," it added.

Stressing that this informa-

tion has not been disclosed by Oyo in its DRHP, FHRAI said, "Such non-disclosure is a clear breach of Oyo's obligations and therefore on that ground alone, Oyo's DRHP deserves to be rejected."

The hospitality industry body also asked SEBI to initiate appropriate penal proceedings against Oyo "for wilfully failing to disclose such information in its DRHP".

When reached out for comments, an Oyo spokesperson said, "We strongly deny these allegations. There is no tax evasion by the company. To date, there is no tax demand against the company. Being a responsible law-abiding company, we cooperate with the government agencies for all the information and documents as sought by them." – PTI