

## **FHRAI urges Sebi again to suspend OYO's IPO process**

Hospitality industry body FHRAI 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, 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 information 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 willfully failing to disclose such information in its DRHP".

FHRAI, however, claimed that OYO and its management are currently being investigated by numerous investigative agencies for alleged violations of laws and insisted that "without adequate disclosures and at a time when multiple investigative agencies are investigating OYO, a company cannot be permitted to raise funds from the general public".