Friday, November 19, 2021

India's biggest-ever IPO Paytm slumps by 27% on market debut

Traders question if the loss-making firm would ever turn profit

MUMBAI: Indian mobile payments giant Paytm lost more than a quarter of its value on its market debut yesterday after raising $2.5 billion in the country's biggest-ever IPO, as traders questioned whether the loss-making firm would ever turn a profit. Asia's third-largest economy has been in the grip of an initial public offering frenzy, with start-ups attracting billions of dollars in investment in a bright spot in the Covid-battered economy. But while Paytm has established a leading position in the fast-growing marketplace for mobile payments it has lost money in each of the past three years and its market debut showed the limits of investor appetite.

Founder Vijay Shekhar Sharma, once named India's youngest billionaire, wiped tears from his eyes when the national anthem was played at an opening ceremony before trading began at the Bombay Stock Exchange. Referring to the phrase in the anthem "Bharat bhagya vidhata" - "the one who will define the fortune of this country" - he said Paytm has†"actually done that". But the company's shares dived at the open and finished at 1,650 rupees ($21), down more than 27 percent from their IPO price of 2,150 rupees.

"There is a lot of euphoria for the digital space and that seems to now be subsiding," said SMC Global Securities analyst Saurabh Jain. "These companies are coming out with IPOs at scorching valuations and it's anybody's guess what valuations are correct," he told AFP. "It is very difficult for a company like Paytm to turn profitable. They have the scalability but they are not able to make money through their business model." Following the debut, Paytm's market capitalisation fell from an IPO valuation of $20 billion to about $13.6 billion at the close of trade.

Rakesh Mehta, a 49-year-old Kolkata-based rice exporter, said he had bought 12 shares worth 25,800 rupees in Paytm, encouraged by Sharma's bullishness about his firm. "I was shocked to see the price when it opened. I didn't get much of a chance to sell," Mehta told AFP. "I was planning to sell 50 percent for listing gains and hold the rest. Now I have no choice but to hold on. If it goes anywhere close to my purchase price, I will definitely sell. I wouldn't want to risk holding it further."

Rock music

Sharma -†a schoolteacher's son who says he learned English by listening to rock music - retains a 14 percent stake in the business, worth $2.4 billion at the IPO price but approximately $540 million less by the close of trade. Other shareholders include Chinese tycoon Jack Ma's Alibaba group and associate Ant Financial, along with Japan's SoftBank and Warren Buffett's Berkshire Hathaway.

Ant Financial sold 3.5 percent of its 28 percent stake in the IPO to meet regulatory requirements that no shareholder should own more than 25 percent of a listed company. Alibaba continues to own another six percent. Paytm's platform was launched in 2010 and quickly became synonymous with digital payments in a country traditionally dominated by cash transactions. It has benefited from the government's efforts to curb the use of cash - including the demonetisation of nearly all banknotes in circulation five years ago - and most recently, from the pandemic.

MUMBAI: Paytm, an Indian cellphone-based digital payment platform, founder Vijay Shekhar Sharma (left) rings a ceremonial gong during his company's IPO listing ceremony at the Bombay Stock Exchange (BSE) in Mumbai yesterday. — AFP

Nearly 22 million Indian shop owners, taxi and rickshaw drivers and other vendors accept payments as low as 10 rupees ($0.13) using Paytm's ubiquitous blue-and-white QR code stickers. The platform had 337 million customers at the end of June, according to the company's regulatory filing. In 2020-21 it handled transactions worth more than $54 billion. Apart from Paytm, Indian companies have raised a record $10.5 billion through IPOs in 2021 so far, including beauty retailer Nykaa, which doubled on its debut last week. — AFP

Google agrees 5-year deal to pay AFP for online content

PARIS: Google and Agence France-Presse on Wednesday said they had signed a "pioneering" five-year deal under which the world's biggest internet search company will pay an undisclosed sum for content in Europe. The agreement following 18 months of negotiations is the first by a news agency under the 2019 European directive on so-called neighboring rights, which are at the heart of multiple disputes globally between web giants and the media over payment for use of online news and other content.

"This is an agreement that covers the whole of the EU, in all of AFP's languages, including in countries that have not enacted the directive," said AFP CEO Fabrice Fries, describing the deal as "pioneering" and the "culmination of a long struggle". AFP produces and distributes multimedia content to its clients in six languages around the world.

After initially being reluctant to pay French newspapers for the use of their content, Google finally signed a three-year framework agreement with some of the nation's press in early 2021, but was fined 500 million euros ($566 million) by the competition authority in mid-July for not negotiating "in good faith". Google has appealed, and is continuing negotiations to reach a new agreement. AFP had fought for news agencies to be fully eligible to benefit from neighboring rights agreements, Fries said, adding that Wednesday's deal "will contribute to the production of quality information and the development of innovation within the agency".

"This agreement with Agence France-Presse demonstrates our willingness to find common ground with publishers and press agencies in France on the topic of neighboring rights," said Sebastien Missoffe, Google's general manager in France, adding that the pact "paves the way for even closer collaboration". Under the agreement AFP will also offer fact-checking training on several continents, details of which will be announced soon, the companies said in a statement. — AFP

Apple to start letting people fix own iPhones

SAN FRANCISCO: Apple said it will begin allowing people to fix gadgets they buy from the Silicon Valley giant in a concession seen as a victory for "right-to-repair" advocates. The iPhone and Mac computer maker has long restricted repairs to technicians at "Genius bars" in its shops or at authorized service centers, where device owners often meet with lengthy waits and costly tabs. "We never thought we'd see the day," read a tweet from @iFixit, which says it offers repair guides for a range of devices. "There are some catches, but were thrilled to see Apple admit what we've always known: Everyone's enough of a Genius to fix an iPhone."

Apple's new Self Service Repair program will start in the US, offering to sell tools and parts to people who want to work on damaged iPhone 12 or 13 model handsets. It will initially focus on parts more prone to damage, such as screens, batteries and cameras. The program will be rolled out in other countries during the course of next year, and be expanded to include some Mac computers, said the Silicon Valley-based company. "Creating greater access to Apple genuine parts gives our customers even more choice if a repair is needed," chief operating officer Jeff Williams said in a release.

"In the past three years, Apple has nearly doubled the number of service locations with access to Apple genuine parts, tools, and training, and now we're providing an option for those who wish to complete their own repairs." The move comes as Apple faces criticism and lawsuits over its tight control of its "ecosystem" from iPhone hardware to the apps allowed on handsets. Laws enshrining a right by people to be able to repair things they buy have gained momentum across the US and on a federal level. — AFP