



## Recap of Facedrive (TSXV:FD) Saga: How the \$6 Billion Company Turned Worthless

### Description

Canadian ride-hailer stock **Facedrive** (TSXV:FD) took almost 14 months to reach from \$2 to \$60 levels. It donned approximately \$6 billion of market cap at those record levels in February 2021. However, it took a little less than eight months to tumble back \$2. It's a mere \$200 million company today. On September 15, FD stock fell to \$0.88 per share, its lowest levels this year so far, registering a nearly 99% drop in market value from the top.

### FD stock rallies: Should you buy?

Even if the stock has shown a massive rebound recently, it is not a recovery rally. The speculators have been heavily gambling on the FD stock of late. The company [clarified](#) last week that there is no material change in the company's operations that led to the recent rally.

How did it all start? And what led to the massive fall for this so-called "people-and-planet first" company?

Facedrive's ride-hailing business started gaining ground in late 2019. It offered EVs and hybrids for riders and tried to address climate issues that established ride-hailers were criticized for. In early 2020, Facedrive saw encouraging growth in registered users, completed rides, and drivers.

FD stock was trading for a little less than \$5 per share those days and it looked like [a perfect growth stock](#) was in the making.

### How Facedrive became worthless

Then the pandemic hit. The accelerating pandemic crumbled the entire global economy, so what could Facedrive do? The pandemic-related restrictions forced the company to move away from ride-hailing. With the help of several acquisitions, it now operates in food delivery, e-commerce platform, and health care services.

Although [FD stock](#) was riding high till early 2021, its financials or operational growth never backed the rally. Highly unstable revenues and increasing losses concerned discerned investors. Management failed to convey to its shareholders a clear-cut strategy and a growth plan.

Facedrive posted \$10 million in revenues for the first half of 2021 and \$13.5 million in net losses.

Things turned sour when one of the founders started selling his stake after ending his lock-in period. According to Facedrive's former CEO Sayan Navaratnam's letter to shareholders, Imran Khan sold hundreds of thousands of FD shares and made millions of dollars. In fact, several other board members joined the selling spree in late August.

In his retaliatory letter, Imran Khan defended his stake-selling and also claimed that Facedrive is considering filing for bankruptcy. The month of September has been quite eventful for the once ride-hailer.

Be it top executive resignations, stake-selling by board members, or the potential bankruptcy news, all have weighed on FD stock. So far this month, FD stock has fallen 62%.

FD's valuation was never justifiable. A loss-making company with \$4 million in 2020 revenues sporting billions in valuation should have been a big red flag for investors.

## Bottom line

This is where fundamental analysis helps. It tells you to stay away from market noise and take calculated risks for the long term. While this commonsense investing will not make you rich quickly, it will definitely give you an eye to identifying Facedrive-like traps.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSXV:STER (Facedrive Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. arosenberg
2. vinitkularni20

#### **Category**

1. Investing
2. Tech Stocks

#### **Date**

2025/08/17

#### **Date Created**

2021/09/27

#### **Author**

vinitkularni20

default watermark

default watermark