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Empowering investors

Marketsmojo.com aims to give investors new analytical tools, along with information



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Batra and Thomas: brimming with ideas

The entrepreneurial bug can strike any one at any age. Mohit Batra, 47, and Joyson Thomas, 42, founders of marketsmojo.com, are a testimony to this fact. Both left high-profile jobs, to team up and create the financial portal, Marketsmojo.com. A soft launch of the portal was done recently in Mumbai. What is noteworthy is that both the entrepreneurs had enviable careers in the finance sector. Batra is a full-fledged professional in the finance sector, while Joyson is a hands-on and able CEO, and the two have joined hands to form a winning team.

Batra's last stint was as CEO, Alchemy Capital Management, a Mumbai-based financial company, with Rakesh Jhunjunwala, one of India's most astute investors, as one of its co-founders. The firm offers PMS and wealth management services, which were built up during Batra's five-year tenure.

A Ph D in financial services and an MBA in finance from Rajasthan University, Batra has had an enviable career in financial services. After a short stint with Tata Interactive, he had teamed up with Joyson Thomas

and another colleague to launch Moneycontrol.com in 1998. moneycontrol.com, a site which any investor in India, will readily vouch for, is one of the most widely tracked sites during the trading hours of the bourses.

After the launch, Batra rose to become CEO, Web18, a group company of TV18, now owned by Reliance Industries. With the markets in comatose condition for a longish period of time, he decided to test his financial skills in the real world and took up job as CEO of a health insurance company in 2003. After his departure, as also that of Victor Fernandes, the other partner, Joyson Thomas was involved in running the moneycontrol.com site, where he struck deals with various content providers and helped in making it one of India's largest online financial portal, drawing more than 10 million visitors per month, on an average.

Thomas continued to drive moneycontrol.com even after Batra left the group in 2003, to team up with ABN AMRO as its country head, wealth management, based in Delhi. After a couple of years, on the request of

Motilal Oswal, he teamed up with Motilal Oswal Financial Services, to launch its wealth management business.

Batra, during his tenure at Alchemy, had grown the PMS business from a little under ₹250 crore to ₹5,000 crore in about five years. Even as the markets were trending upwards and had entered a bull phase, Batra was able to see the writing on the wall and came to the conclusion that there was no future in institutional broking, given the shrinking margins and commoditisation of the business. He convinced his board to close the division and was also involved in selling the same to Sanju Varma, who had teamed up with Varun Bajpai, former CEO, SBI Macquarie, to set up a full service financial outfit, Violet Arch. On hindsight, Batra's call was right, as Violet Arch closed down the institutional business in three years. Besides growing the PMS

business, Batra was also responsible for growing the offshore debt (G-Sec) business, drawing on his skills to set up algo-based trading systems – a business, which he was instrumental in growing to ₹5,000 crore.

No real innovation

By the time Batra decided to launch his own venture after being in the financial sector for nearly two decades, Alchemy had sold off the offshore business, Alchemy Investment Pte Ltd, Singapore (which held a licence from the monetary authority of Singapore), to Rohit Walia's company, Alpen Asset Advisors. Also, both CEOs were riding high in their own fields and had harboured a secret desire to go out alone for some time.

"Alchemy gave me a good insight into the minds of the investors," says Batra. "Continuous interaction with clients made me feel that, while clients had an inclination to invest in equities, they had no knowledge." Also, there was no real innovation taking place in the fin-tech segment catering to investors, he adds. "Apart from getting information, investors

really did not benefit.” Thomas too felt that “much more could be done to empower investors.”

While Batra had plans to create financial planning products, Thomas wanted to create equity products. So, both decided to shed their inhibitions and share their secret desire – and that was the genesis of the partnership.

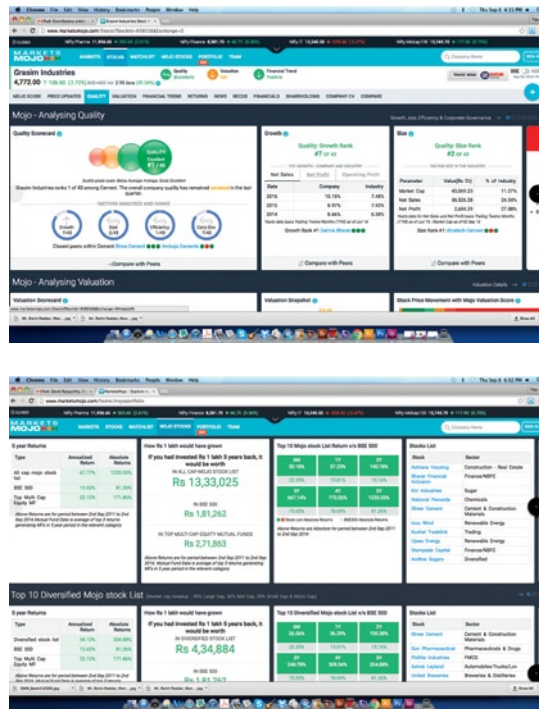
Working in a small business centre in BKC, they finalised the plan to develop an independent financial website, which did more than merely provide information to investors. Like-minded professionals were roped in and, soon, the six-member team developed an algo-based product, which gave the readers an in-depth analysis of a stock, based on publicly available data. Having been in top positions in their respective fields, both partners decided to pool their own resources, at least in the developmental phase. “To differentiate ourselves from the clutter of sites, we tied up with 30-40 sources for information,” says Thomas. “The challenge was to reduce the mystory shrouding financial data and allow investors to take an informed decision.”

Manual intervention into updating was nearly negligible and, with almost 400 algorithms running, the company information was done almost immediately. “As against 200-300 sets of companies tracked by brokerages, we decided to give information on all the listed companies,” says Batra. However, unlike broking houses, there is no subjectivity involved in our recommendations.

“Currently, in the pyramid of investors, there is a concentration of services by brokers to the select few clients,” says Thomas. “Clearly, there is over-service at the top and under-service at the lower end of the pyramid,” he adds, claiming that, “Our aim is to empower the retail investors and make him understand the nuances of investing in a methodical manner.”

Everything is based on results

-- quarterly and annual. To help investors, a model portfolio has also been created, where investors are given the option to track the performance of their own portfolio, by comparing it with the performance of the relevant indices. If, for instance, an investor portfolio comprises 40 per cent mid cap and 30 per cent small cap and the balance in large caps, tracking the performance against a single index does not make sense. “A com-



posite index, based on the weightage, will automatically be created for making benchmarking of one's portfolio more relevant,” says Thomas.

For investors, the information is totally free. “Our aim is not to make money from investors,” says Batra, claiming that they are in no hurry to monetise it, by seeking private equity participation. However, given the breadth of the information and also tools used for tracking one's portfolio, if desired, the site has become popular with brokers and institutions. Last fortnight, Kotak Institutional inked an agreement to put up a small icon on the screen page. Many others are likely to ink similar agreements. Even for PMS service providers, it makes sense to have the portfolio of their respective

clients tracked by Marketsmojo.com on a regular basis, rather than on a half-yearly or yearly basis, as is done currently.

Financial platform

Going forward, the duo's plans include tracking recommendations made by brokerage houses on a regular interval. Recommendations made in the past on TV channels, reports or public fora, as also changes and deviations made, are taken into consideration to rate their performance, annually. What percentage of their BUY calls has been right? By what percentage have their portfolio been gained or eroded, as the case may be? These details are also looked into. This helps investors to decide which brokerage house should be taken more seriously. Tracking futures & options, as also making available brokers' estimate, forward price/earnings ratios is on the cards too. Providing information about unlisted companies is also being contemplated.

At a later stage, Batra plans to do what he had originally envisaged -- create a powerful financial planning platform, covering all products, including mutual funds, insurance, loans, fixed deposits, etc. Brimming with ideas, both entrepreneurs are

rearing to take the site to the next level. With markets being the same everywhere, it will not be difficult to provide even overseas content – a tie-up with a fin-tech provider possibly easing the process. Having done it for one country, getting data for the other 165 countries may not be such a big challenge, the promoters feel.

As of now, activity in the new office in Mumbai is focussed on a formal launch of the site soon. But the investors' habits being what they are, pulling traffic from the highly successful site, moneycontrol.com, will be a challenge, irrespective of any innovative features added in the new site. The entrepreneurs are keeping their fingers crossed.

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