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Post-Earnings Revision Model

Earnings Revision Alpha Framework | Long-Short Strategy

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JM Financial Institutional Securities Limited

Post-Earnings Revision Monitor

- JMF Post-Earnings Revision Monitor (PERM) screens and generates ideas from our coverage
- Sector rotation based on aggregate revision breadth for upward and downward revisions
- Construction of market-neutral long-short revision portfolios

JMFISL Coverage Universe
363
Basket of long-short
20
Outperform
10
Underperform
10

Sell-side analysts update earnings estimates in response to quarterly corporate announcements, management commentaries, order book updates and macro data. Consensus numbers converge to the reported, projected and convincing numbers gradually rather than instantaneously. This delayed adjustment is the empirical basis for the Post-Earnings Revision Monitor (PERM) anomaly: stocks with upward revisions to consensus estimates tend to continue to outperform in the weeks following quarterly results while stocks with downgrade revisions tend to continue to underperform.

JMF PERM is a systematic quantitative framework that tracks consensus EPS revisions, target price changes and recommendation actions across JM Financial Institutional Securities Limited (JMFISL) coverage on a quarterly basis, and converts this information into a standardised, sector-neutral composite revision score.

The objective is not to react to the earning numbers *per se* – the market typically factors that in over days – but to track the slower-moving and nuanced drift in analyst expectations that follows it, and to translate that drift into a repeatable, rules-based signal.

Genesis: The need for PERM

Markets react to an earnings announcement almost immediately—within the current and the subsequent trading session. Analyst models, however, are updated over a materially longer window, i.e. estimate revisions, target price changes and rating actions are typically staggered across days and weeks as individual analysts crunch numbers and assess its implications, hold calls with management, and publish updated notes.

This creates a structural lag between the information event and its full reflection in consensus numbers. Because institutional positioning and index flows are frequently anchored to consensus estimates and analyst ratings, prices continue to drift in the direction of the revision as the market absorbs each incremental update. JMF PERM is built to systematically capture this drift.

Methodology

JMF PERM will be refreshed quarterly across the entire JMFISL universe. It draws on three primary categories of consensus data sourced from third-party estimates' aggregators.

Core metrics and composite score

1. **Consensus EPS:** % change in FY1 EPS over 30- and 90-day windows
2. **Target price:** Change in broker one-month target prices
3. **Recommendation actions:** Upgrades/downgrades based on changes in EPS

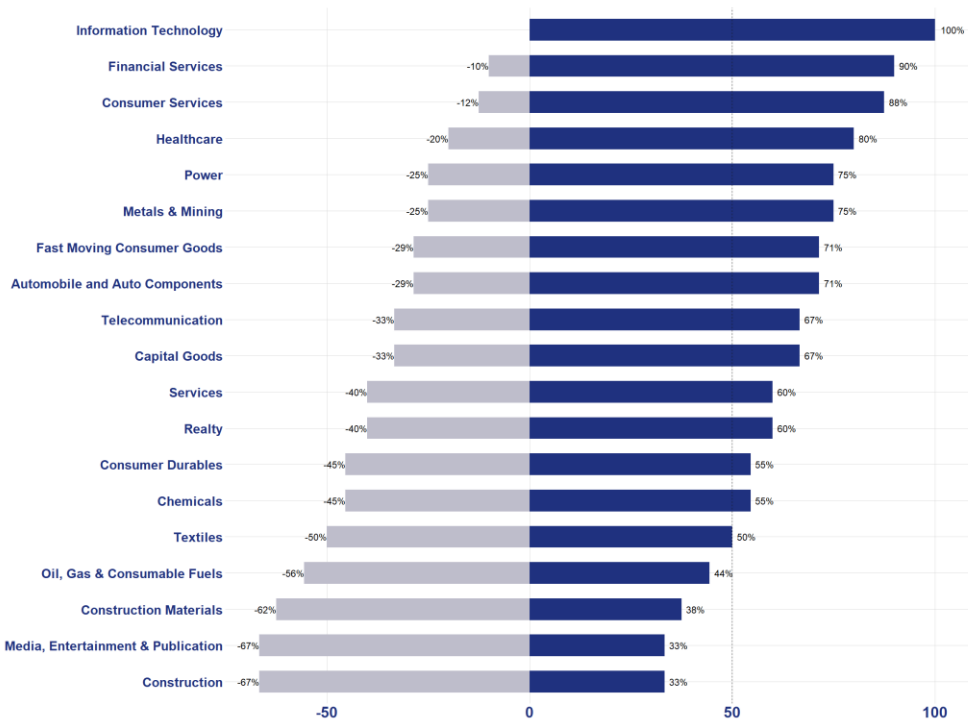
The composite revision score is constructed from three component signals. Each signal is independently z-score standardised within the cross-section of the JMFISL universe, then combined using weighted averaging. The signal architecture is designed to capture revision magnitude, breadth, persistence and market confirmation.

After applying universe filters and computing the final composite revision scores (CRS), stocks are sorted into ten equal deciles with cross-section. D10 (top 10 by CRS) constitutes the long portfolio; D1 (bottom 10 by CRS) constitutes the short portfolio in the long-short strategy.

Charts

The Q1FY27 earnings season to date for our JMF coverage universe shows upward earnings revisions in sectors such as information technology financial services, whereas downgrade revisions are seen in media, entertainment & publication and construction. We highlight this in the sector breadth and rotation chart below.

Exhibit 1: Revision breadth by sector



Source: JM Financial, Bloomberg

Monitoring dashboard

Exhibit 2 illustrates the structure of the quarterly monitoring output: the top ten performing stocks and the bottom ten laggards based on recent estimate upgrades and downgrades.

Exhibit 2: Top 10 Long ideas with composite revision scores

Ticker	NSE code	Sector	Revision 30-days (%)	Revision 90-days (%)	TP Revision 30-days (%)	Revision Breadth	CRS	Group	Recommendation
BLUESTON IN Equity	BLUESTONE	Consumer Retail	280.4	280.4	19.7	2.5	4.8	Top 10	BUY
SATIN IN Equity	SATIN	NBFC MFI	23.3	113.3	4.5	25.0	3.3	Top 10	BUY
SMARTWOR IN Equity	SMARTWORKS	Real Estate	165.2	165.2	0.2	2.3	2.7	Top 10	BUY
EMIL IN Equity	EMIL	Consumer Goods	91.0	113.4	6.0	2.0	1.8	Top 10	BUY
GMRAIRPO IN Equity	GMRAIRPORT	Ports & Logistics	0.0	186.2	0.1	3.0	1.8	Top 10	BUY
PIRAMALF IN Equity	PIRAMALFIN	NBFC	90.3	72.3	11.6	-0.1	1.4	Top 10	BUY
CORONA IN Equity	CORONA	Healthcare	6.2	15.0	19.5	11.0	1.3	Top 10	BUY
BIOS IN Equity	BIOCON	Healthcare	87.4	86.7	1.9	-1.2	1.2	Top 10	BUY
MUTHOOTM IN Equity	MUTHOOTMF	NBFC MFI	44.1	44.1	9.1	4.8	1.1	Top 10	BUY
JSWCEMEN IN Equity	JSWCEMENT	Cement	0.2	120.1	0.4	2.2	1.1	Top 10	BUY

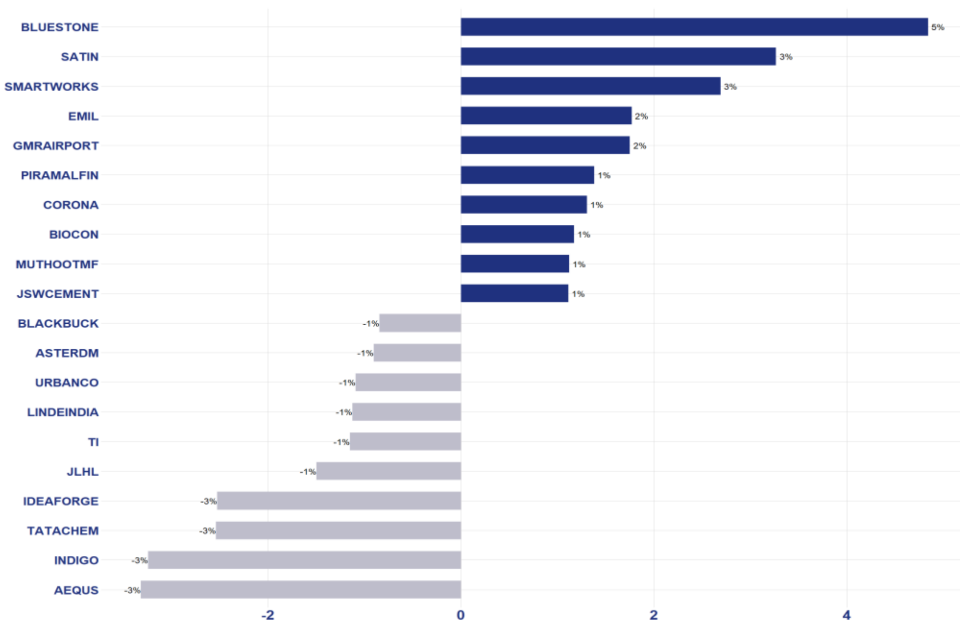
Source: JM Financial, Bloomberg

Exhibit 3: Top 10 Short ideas with composite revision scores

Ticker	NSE code	Sector	Revision 30-days (%)	Revision 90-days (%)	TP Revision 30-days (%)	Revision Breadth	CRS	Group	Recommendation
AEQUS IN Equity	AEQUS	Industrials	-49.4	-308.3	36.7	-8.3	-3.3	Bottom 10	SELL
INDIGO IN Equity	INDIGO	Aviation Sector	-222.8	-169.8	4.2	-1.2	-3.2	Bottom 10	SELL
TTCH IN Equity	TATACHEM	Chemicals	-236.7	-89.2	-1.7	1.0	-2.5	Bottom 10	SELL
IDEAFORG IN Equity	IDEAFORGE	Defence	-3.6	-3.6	-100.0	-8.5	-2.5	Bottom 10	SELL
JLHL IN Equity	JLHL	Healthcare	-79.8	-80.2	7.4	-2.8	-1.5	Bottom 10	SELL
TLNGR IN Equity	TI	Alcoholic Beverages	-10.7	-20.1	2.3	-9.2	-1.2	Bottom 10	SELL
LIIL IN Equity	LINDEINDIA	Industrial Gases	-0.1	-7.1	0.0	-10.7	-1.1	Bottom 10	SELL
URBANCO IN Equity	URBANCO	Internet	-39.2	-40.1	3.6	-4.4	-1.1	Bottom 10	SELL
ASTERDM IN Equity	ASTERDM	Healthcare	-43.8	-43.8	4.5	-1.7	-0.9	Bottom 10	SELL
BLACKBUC IN Equity	BLACKBUCK	Internet	4.9	-55.3	2.1	-3.4	-0.8	Bottom 10	SELL

Source: JM Financial, Bloomberg

Exhibit 4: Top 10 and Bottom 10 Composite Revision Scores



Source: JM Financial, Bloomberg

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