



CRISIL
An S&P Global Company

CRISIL Real Estate Star Grading criteria

For real estate projects

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Executive summary

CRISIL has been grading real estate projects across India since 2010 using its Real Estate Star Grading (CREST) model. CREST is currently associated with more than 500 projects, being developed by 280 real estate groups across 70 cities covering more than 345 million square feet. We grade projects across segments — residential, plotted development, villas, commercial, retail, townships, hospitality, special economic zones and mixed-use.

CREST gradings provide holistic, city-specific assessments, helping buyers benchmark and identify quality projects in their cities.

CREST addresses two critical needs of the realty sector:

1. Transparency
2. Objective benchmarking of projects

The key factors evaluated in CREST process are:

3. Quality of legal documentation
4. Construction-related risks
5. Financial flexibility/viability of the project, in addition to project background
6. Track record of the project sponsor



Grading scale, validity and definition

A CREST grading indicates the quality of a real estate project, as per agreed specifications and delivery timeliness. CREST is based on a city-specific, eight-point scale— from ‘City 7 Star’, the highest, to ‘City 0 Star’, the lowest.

For example, ‘Mumbai 7 Star’ would be the highest grading and ‘Mumbai 0 Star’, the lowest. This scale would cover the likelihood, from highest to lowest, of a project being delivered as per agreed specifications, with the least to maximum delay.

The grading benchmarks the project against other graded projects in the same city. The gradings are available for proposed, ongoing and recently completed projects, or a particular phase of a project. Once graded, the project is monitored constantly and timely updates on its progress is provided. The grading will be kept under surveillance until the project receives occupancy/ completion certificate, i.e., until the project is completed or the grading is withdrawn by the developer, whichever is later.

The signifiers attached to each definition/grade are as follows:

Grade	Definition
7 star	Highest likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with the least delay.
6 star	Very high likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with very low delay.
5 star	High likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with low delay.
4 star	Above average likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with average delay.
3 star	Average likelihood of a project being delivered as per agreed specifications. The likelihood of delivery delay in such projects is above average .
2 star	Low likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with high delay.
1 star	Very low likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with very high delay.
0 star	The lowest likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with maximum delay.



Tolerance level

Project delays are common in the Indian real estate sector. In this context, a graded approach offers more value and information to buyers and helps them differentiate between projects. Our grades also signifies expected project delays, which is presented below:

Tolerance level (expected delays)	
Grade	Months
7 star	Up to 3
6 star	6
5 star	12
4 star	18
3 star	24
2 star	30
1 star	36
0 star	More than 36



Framework

Project sponsor quality

Construction and legal track record

Organisation strength, systems, and processes

Financial strength of developer(s)

Project construction quality

Project legal quality

Structural quality

Clarity of title

Infrastructure & integrated facilities

Restrictive covenants

Finishes

Encumbrances

After-sales services

Sale agreement

Likelihood of time and cost overruns

Development agreement

Financial quality

Project economics or viability

Financial flexibility

Accounting quality

Innovation quality

Innovation in the areas of land acquisition/ construction technology/ building design/ project funding



Grading parameters

Project sponsor quality

Focuses on the developer's construction and legal track record, and assesses its financial strength and ability to complete the project

Project construction quality

A critical parameter, it provides an independent assessment of aspects such as structural quality, amenities, likelihood of time and cost overruns and quality of after-sales service

Project legal quality

Examines the project's land title, customer agreement and various other statutory approvals and clearances.

Project financial quality

An assessment of the viability of the project, its financial flexibility and the developer's accounting quality.

Project innovation quality

Examines the quality of the project's innovation and covers aspects such as construction technology and building design, among others

Grading process



Step: 1

Analysis of the information received by the CRISIL team



Step: 2

Site visit, consultant meetings and interaction between the CRISIL team and the company



Step: 3

The analyst prepares the grading report and presents it before the grading committee.



Step:4

The grading committee assigns the grade.

The developer accepts the grade, and CRISIL publishes the grading in the public domain.

The entire process takes about four-five weeks after receiving the complete information

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint. It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore. It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

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