



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 from 270 developer groups across 65 cities. These cover more than 325 million square feet across segments such as 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 the CREST process are:

- Quality of legal documentation
- Construction-related risks
- Financial flexibility/viability of the project, in addition to project background
- 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.

A project’s assigned CREST grading will serve as a benchmark 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 a grading is assigned, a project will be put under continuous surveillance and monitored constantly, with timely updates on project progress provided. The grading will be kept under surveillance until CRISIL receives the occupancy/completion certificate, i.e., till the time the project is completed or withdrawn by the developer, whichever is later.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. Such projects are usually delivered with above average delay
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	Lowest likelihood of a project being delivered as per agreed specifications. Such projects are usually delivered with maximum delay



Tolerance level

Delays in projects are a common feature in the Indian context despite the best intentions of developers. Given this, a graded approach is what offers more value and information to buyers and helps them differentiate between projects. So there is a graded/ differentiated approach to expected project delays which CRISIL considers as per the table 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

- Structural quality
- Infrastructure & integrated facilities
- Finishes
- After-sales services
- Likelihood of time and cost overruns
- Project financial quality

Project legal quality

- Clarity of title
- Restrictive covenants
- Encumbrances
- Sale agreement
- Development agreement
- Project innovation quality

Accounting quality

- Project economics or viability
 - Innovation in the areas of land acquisition/ construction technology/ building design/ project funding
 - Financial flexibility
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Grading parameters

Project sponsor quality

This parameter focuses on the developer's construction and legal track record, and comments on its financial strength and ability to complete the graded project.

Project construction quality

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

Project legal quality

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

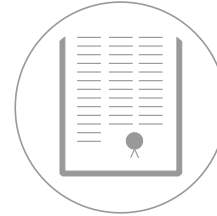
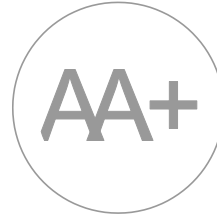
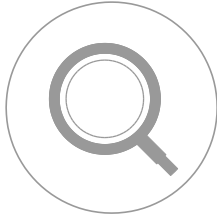
Project financial quality

This parameter assesses the viability of the project, as well as the financial flexibility and accounting quality of the developer.

Project innovation quality

This parameter examines project 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

Preparation of the grading report by the analyst, and its presentation before the grading committee

Step: 4

Assignment of a grading by the grading committee, acceptance of the grading by the developer, and publication of the grading in the public domain by CRISIL.

The entire grading process will take about four to five weeks, post receipt of 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.

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