



CRISIL Real Estate Star Grading (CREST) FAQs



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1. What is CREST?

CREST indicates the quality of a graded real estate project in terms of pre-agreed specifications and timeliness of delivery. Projects are assessed on various parameters including construction, clarity of title, and timeliness etc. The grades span from '7 star' to '0 star' – covering the highest likelihood to the lowest likelihood of project being delivered as per pre-agreed specifications and least delay to maximum delay in a timely manner. The signifiers attached to each grade are as follows:

Each grade signifies:

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

2. What is the rationale for the nomenclature as 'grading' and not 'rating'?

The core reason for the nomenclature is to differentiate 'project grading' from 'credit rating'. CREST does not assess the creditworthiness of projects/developers, nor does it assess their ability to service their debt obligation in a timely manner.

3. What is the CREST grading scale?

CREST is assigned on an eight-point scale, which is specific to a city. The highest grading for a project is 7-star and the lowest is 0-star. The assigned grading thus benchmarks the graded project against other real estate projects in the same city.

4. Which real estate segments can receive CREST?

CREST can be assigned to residential, commercial, office, and retail real estate projects, including townships, mixed development projects, special economic zones, information technology parks, and hotels

5. What is the CREST criteria?





CREST is determined on the basis of project-specific parameters, such as sponsor, construction quality, legal documentation, financial planning, and innovation.

6. Will a superior product in a luxury segment always receive a higher grading?

No. The grading is based entirely on the expected conformance of a project to the stipulated specifications. It is not based on the level of amenities provided in the project. Thus, it is possible for an affordable housing project to obtain a higher grading than a luxury apartment project.

7. What is the grading process and how much time does it take to secure a grading?

The grading process takes 4-5 weeks. It begins as soon as all the requisite information is received from the developer executing the project. It comprises four major steps:

			
Step:1	Step:2	Step:3	Step:4
Analysis of the information received by the analytical team	Site visit and interaction between the grading team and the developer	Preparation of the grading report by the team, and its presentation before the grading committee	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

8. What is the requisite information for obtaining the grading?

- Developer-specific information, including project track record and audited accounts and schedules for the past three years
- Project-specific information relating to approvals, timelines, and quality
- Specific undertakings by developer(s)

9. At what frequency will CRISIL monitor the project? Can CRISIL change the initial grading assigned?

CRISIL will regularly monitor key project milestones relating to statutory approvals, major construction stages, financial closure, fund disbursement, and sales bookings. The grading will be reviewed at least once a year, which will include a site visit. The grading will be kept under surveillance until CRISIL receives the occupancy/completion certificate, i.e. till the time the project has been completed or withdrawal of the project by the developer, whichever is later. The grading can be downgraded or upgraded at any time, as in the case of other gradings assigned by CRISIL.

10. Till when is the surveillance fee payable?

A surveillance fee is payable each year until CRISIL receives the occupancy/completion certificate, i.e. till the time the project has been completed or withdrawal of the project by the developer, whichever is later

11. At what stage of a project can CREST be obtained?

The grading can be assigned to a project at any stage. Ongoing as well yet-to-be-launched projects can be graded. Projects in the initial stages will benefit, in terms of pricing and sales ability from the grading. Completed, and sold projects will derive indirect benefits of showcasing the developer's capability and track record.

12. How can a grading be withdrawn?

A grading can be withdrawn only after the project is completed and the occupancy/completion certificate received. To withdraw the grading, the developer should get in touch with the concerned analyst and share a copy of occupancy/completion certificate along with a withdrawal request. The company has to clear all dues till that date. Once that is done, the grading can be withdrawn from the system. Post withdrawal, the developer has to stop using the grading logo in all communication.

13. How will real estate projects and developers benefit from CREST?

Certification from CRISIL, an independent institution, enhances the credibility and brand value of the projects and the developers

- It helps developers take a closer look at their systems and processes, and strengthen those
- It enhances credibility with banks and financial institutions
- It boosts negotiating and pricing power for soliciting private and foreign investments

14. How can a developer showcase the CREST grading?

The grading can be displayed at the project site, corporate office, and on letterheads and envelopes, as well as in advertisements. CRISIL will also make efforts to publicise the grading to retail customers.

15. What are the final grading deliverables?

CRISIL will provide a grading letter, certificate mentioning the specific grading, and a grading report describing the grading rationale of the project.

16. The relevance of CREST in the RERA regime

The Real Estate (Regulation and Development) Act, 2016, which came into force on May 1, 2016, seeks to protect home buyers as well as boost real estate investments. The Act establishes a Real Estate Regulatory Authority (RERA) in each state for regulation of the sector, and also acts as an adjudicating body for speedy dispute redressal.

RERA has improved transparency and accountability of developers as critical details and information pertaining to projects, which developers were not disclosing previously, have been made mandatory.

CREST not only assess transparency, but also benchmarks projects and evaluates various other factors, such as:

- Coherence of legal documentation
- Construction-related risks – consultants involved (design, civil, etc), quality, and timeline
- Financial flexibility and viability of a project
- Track record of the developer group

Detailed analysis of each of these factors is done and the project is benchmarked against similar projects in the city where it is located.

Thus, CREST provides detailed and unbiased third-party opinion to end-users

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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