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SDL Quarterly Overview

Quarter 2 FY25 & Q3 Calendar updates

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SDL Issuance Highlights – Q2 FY25

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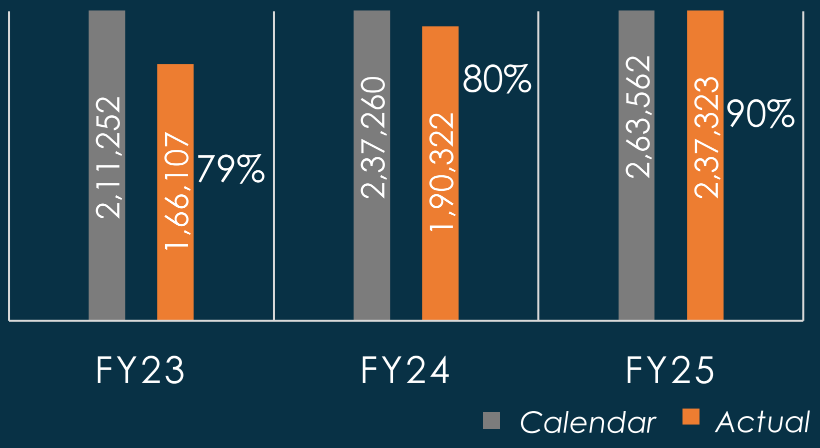
Calendar vs Actual Borrowings



Top 5 borrowing States

Maharashtra	54,000 cr
Tamil Nadu	29,000 cr
West Bengal	19,000 cr
Telangana	18,500 cr
Rajasthan	18,000 cr

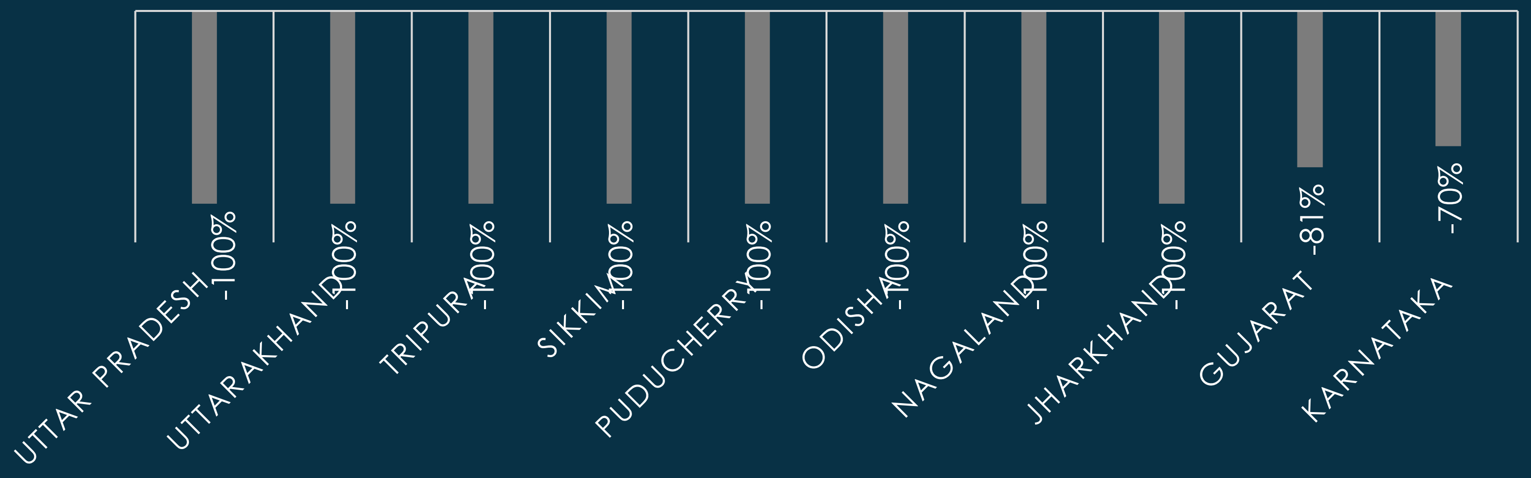
Borrowing more than Calendar

Kerala	104 %
Madhya Pradesh	36%
Assam	36%
Tamil Nadu	21%
Chhattisgarh	17%
Telangana	16 %
Rajasthan	16%

Top 5 Issued SDLs with tenure > 20 yrs..

	Share	Amount (cr.)	Highest Tenure
Jammu & Kashmir	100%	4,550	30 yrs.
Kerala	81%	11,500	35 yrs.
West Bengal	39%	7,500	25 yrs.
Tamil Nadu	38%	11,000	30 yrs.
Rajasthan	36%	6,500	25 yrs.

Lowest Borrowing States in Q2 with respect to their planned calendar



Source: RBI

Quarterly & Half-Yearly SDL Issuance Trend

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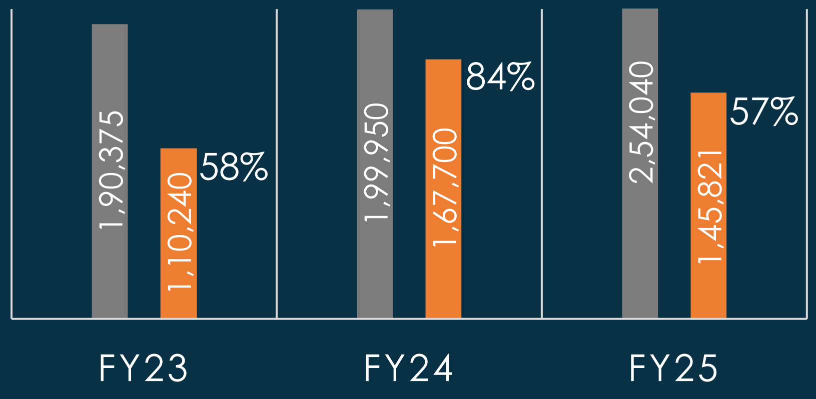
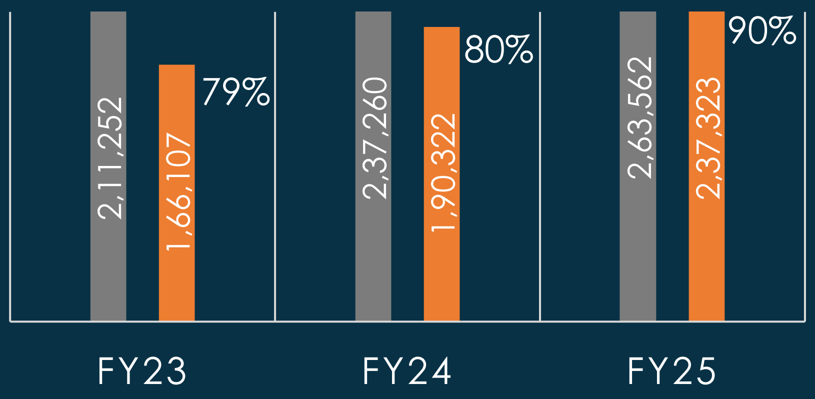
Quarter 1



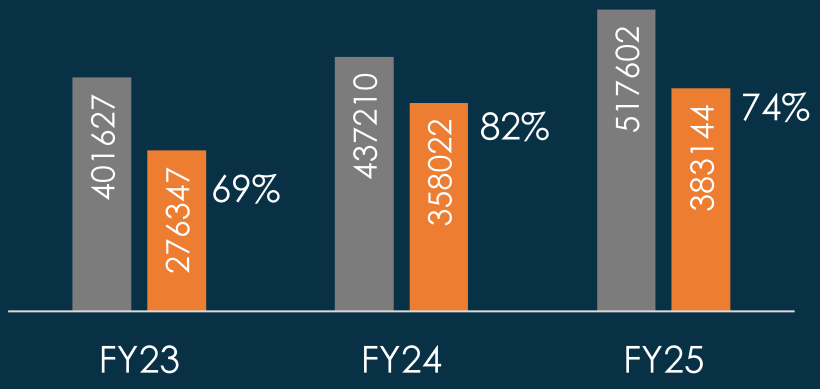
Lowest borrowing in FY25 due to General Elections

Quarter 2



Highest borrowing in Q2 FY25 vis-à-vis last 2 years

Half – Yearly 1



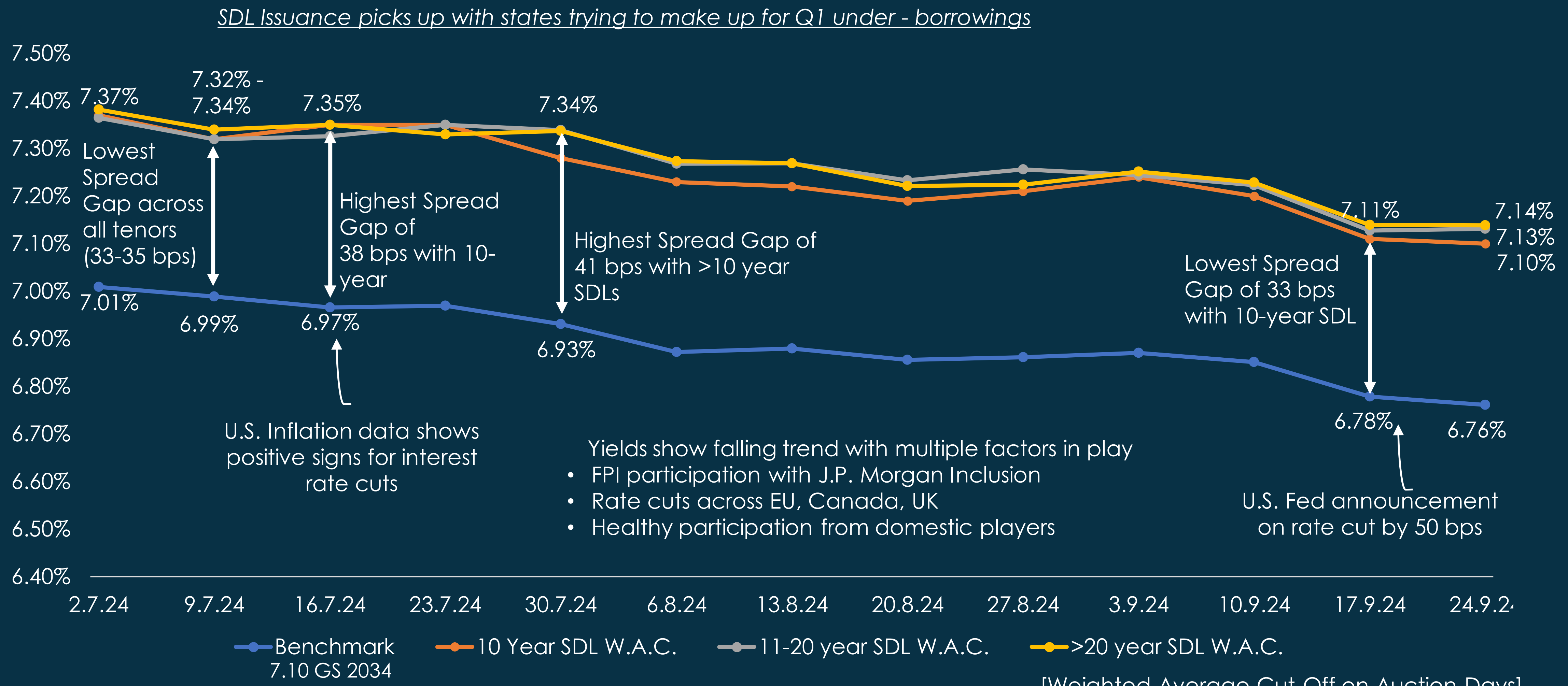
■ *Calendar* ■ *Actual*

Top 5 Borrowing States in H1 FY25

	H1FY25	H1FY24	
Maharashtra	64,000 cr	39,000 cr	↑ 64%
Tamil Nadu	50,000 cr	53,000 cr	↓ 6%
Andhra Pradesh	44,000 cr	41,500 cr	↑ 6%
Rajasthan	36,500 cr	31,000 cr	↑ 18%
Telangana	31,500 cr	27,000 cr	↑ 17%

Source: RBI

Spread Trend: Q2 - FY25 SDL Auctions



[Weighted Average Cut-Off on Auction Days]
Source: RBI, CCIL

Note: 10-yr Benchmark Levels are depicted only for SDL Auction dates **in Q2**

State Wise SDL Auction Frequency

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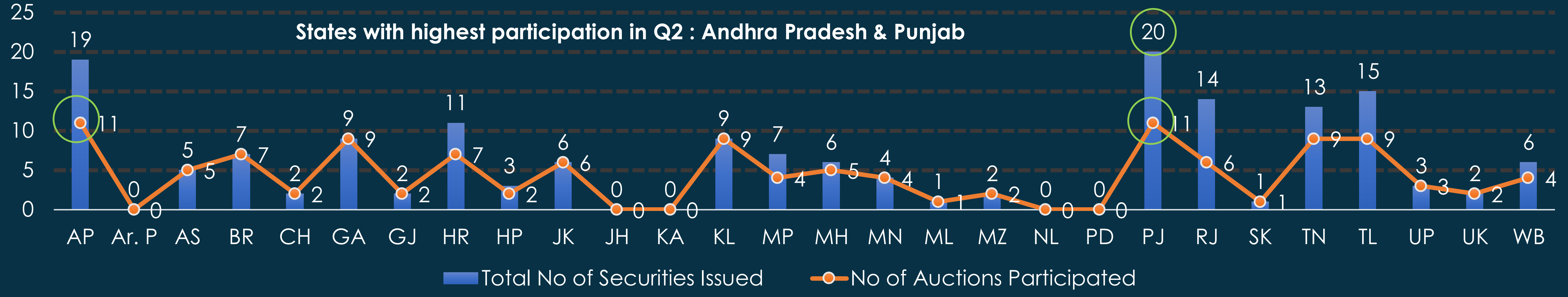
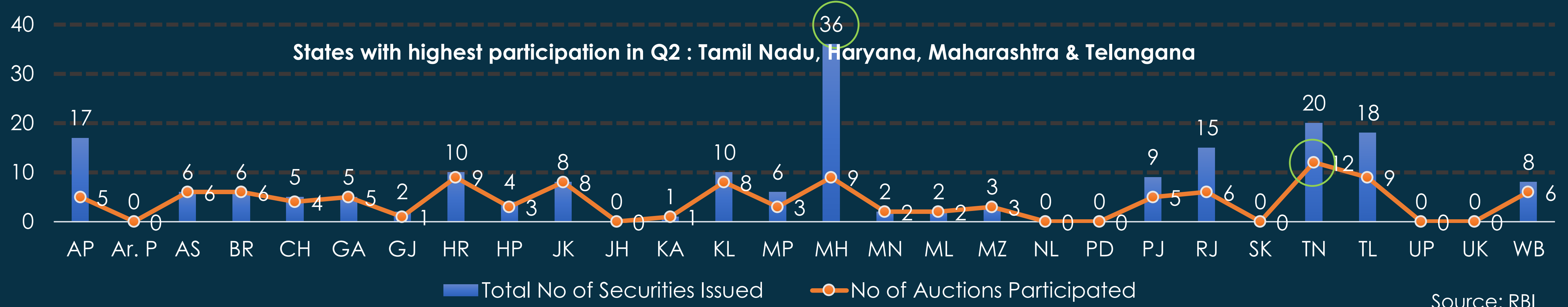
Q2 FY 2023-24



Q2 FY 2024-25



Source: RBI

Maharashtra issued maximum securities in Q2 FY24-25 likely due to expenditure on upcoming elections

Summary

- Indian States and UTs have cumulatively raised 2.37 lac cr in Quarter 2 of FY25 through market borrowings; 25% more than that raised in Quarter 2 of FY24 [1.90 lac cr]
- Total borrowings in this quarter was less by 26,239 cr [10%] as planned in the calendar
- Actual borrowings in this quarter was 2.37 lac cr; 90% of calendar [2.64 lac cr]
- States had under-borrowed in Q1 of FY25 due to the ongoing General elections
- SDL trading in secondary market increased fairly as G-Sec yields (including long-duration G-Secs) have come down and higher yields on SDLs have shown more value thereby creating additional demand
- Spreads were largely steady during the quarter and the cut-off yields mostly tracked the movement of G-Secs
- Banks will continue to add more SDLs in their H.T.M. portfolio as G-sec yields are not that attractive at the moment

SDL Calendar Highlights – Q3 FY25

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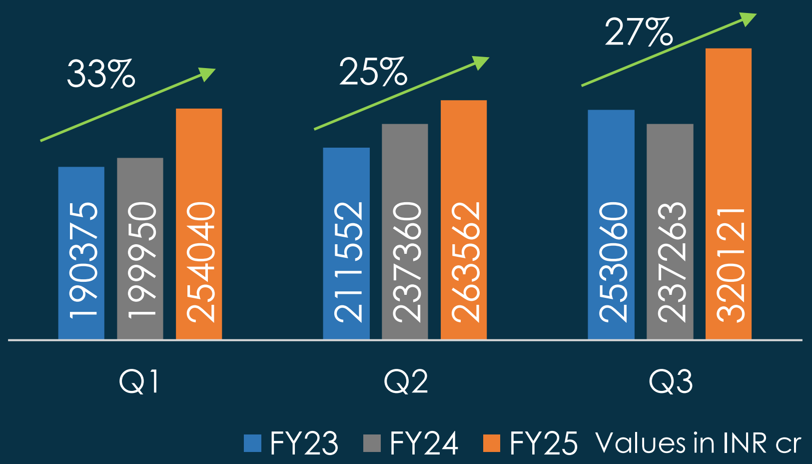
Quarter 3 SDL Calendar for FY25

3,20,121 cr

SDL Calendar Q-o-Q



Summary

- SDl calendar has increased by more than 25% in every quarter in last 3 years
- Cumulative 3 quarter issuance has gone up by 24% since last year (FY24 {1st 3 Qtr} was 6.75 lac cr while FY25 {1st 3 Qtr} it is 8.38 lac cr

States with maximum planned borrowings in Q3FY25

State	Q3FY25	State	Q3FY25
Karnataka	60,000 cr	Bihar	20,000 cr
Maharashtra	36,000 cr	Madhya Pradesh	18,000 cr
West Bengal	31,500 cr	Gujarat	15,000 cr
Tamil Nadu	29,000 cr	Rajasthan	14,756 cr
Uttar Pradesh	26,000 cr	Andhra Pradesh	12,000 cr

Calendar Insights

- States have planned more borrowings after 15th of every month
- States might borrow more than 90% as last year borrowing was over 104% however impact of elections in 5 states impact might be seen in this quarter

Source: RBI

Outlook

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- Borrowings as per calendar of Q3FY25 are expected to be issued at ~90%, however we feel that overall FY25 borrowings should hover around 11 lac cr; roughly 10% more than last years actual borrowings

- 10 year Spreads have been limited in Q2 to 30-33 bps and ranged between 30-41 bps in Q1. We expect the SDL spreads to range between 30-45 bps across all tenors

- Considering the increase in demand from Buy only funds, FPIs as well as other institutions, we strongly believe that SDLs will continue to remain more attractive in the next quarter

- The demand supply gap will encourage institutions to pursue SDLs over G-Secs. Spreads ranging between 38-45 bps would be a good entry point to buy in order to capitalize in the future during spread compression

For any queries:

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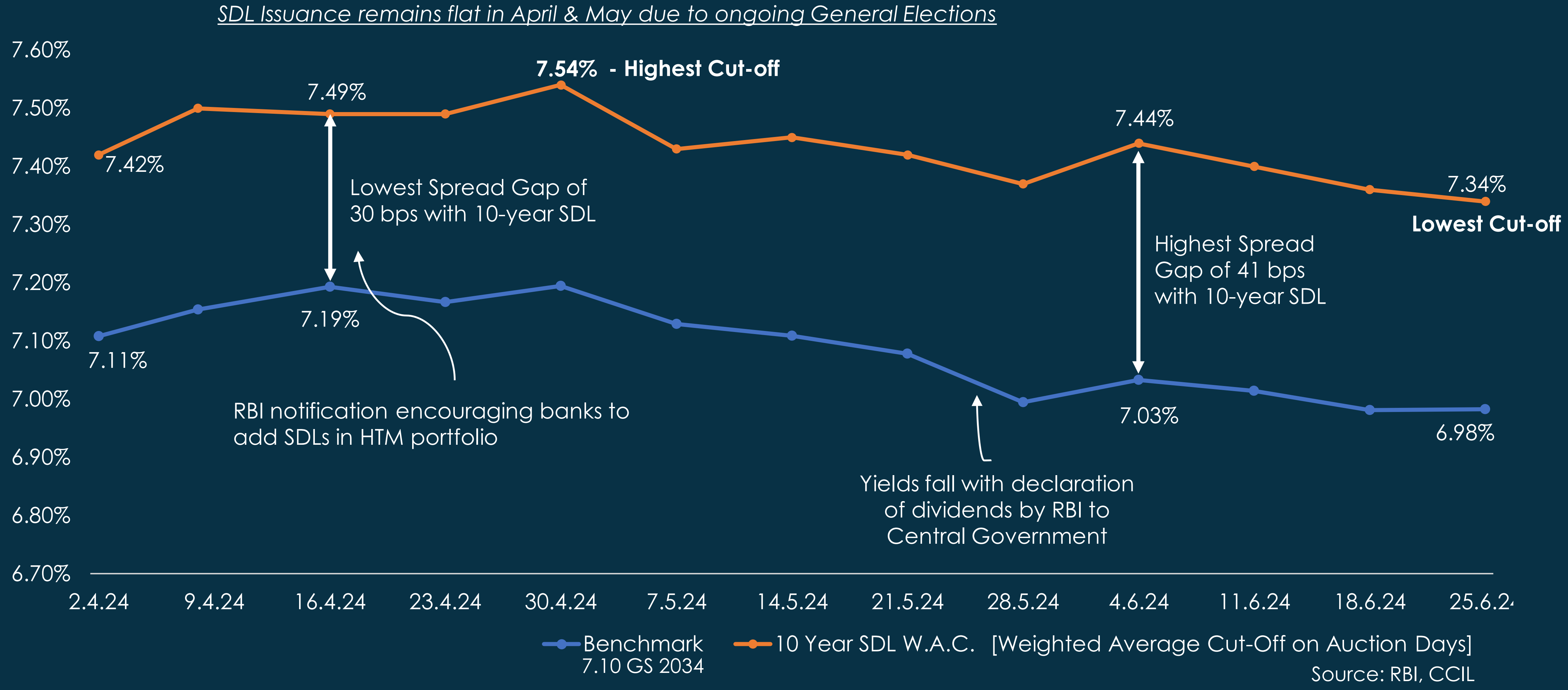
10-Year Spread Trend: Q1 - FY25 SDL Auction



Note: 10-yr Benchmark Levels are depicted only for SDL Auction dates **in Q1**