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SDL Quarterly Overview

**Quarter 1 FY26 & Q2
Calendar updates**

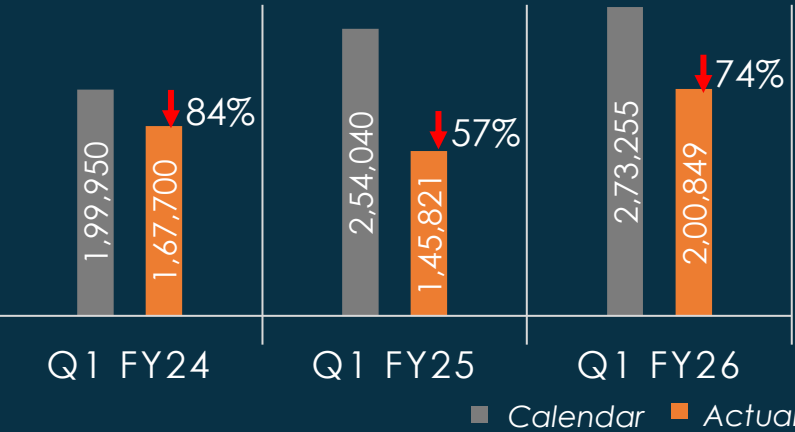
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SDL Issuance Highlights – Q1 FY26

Calendar vs Actual Borrowings



Top 5 borrowing States – Q1

Andhra Pradesh	26,572 cr
Tamil Nadu	24,300 cr
Rajasthan	23,600 cr
Maharashtra	21,500 cr
Telangana	17,400 cr

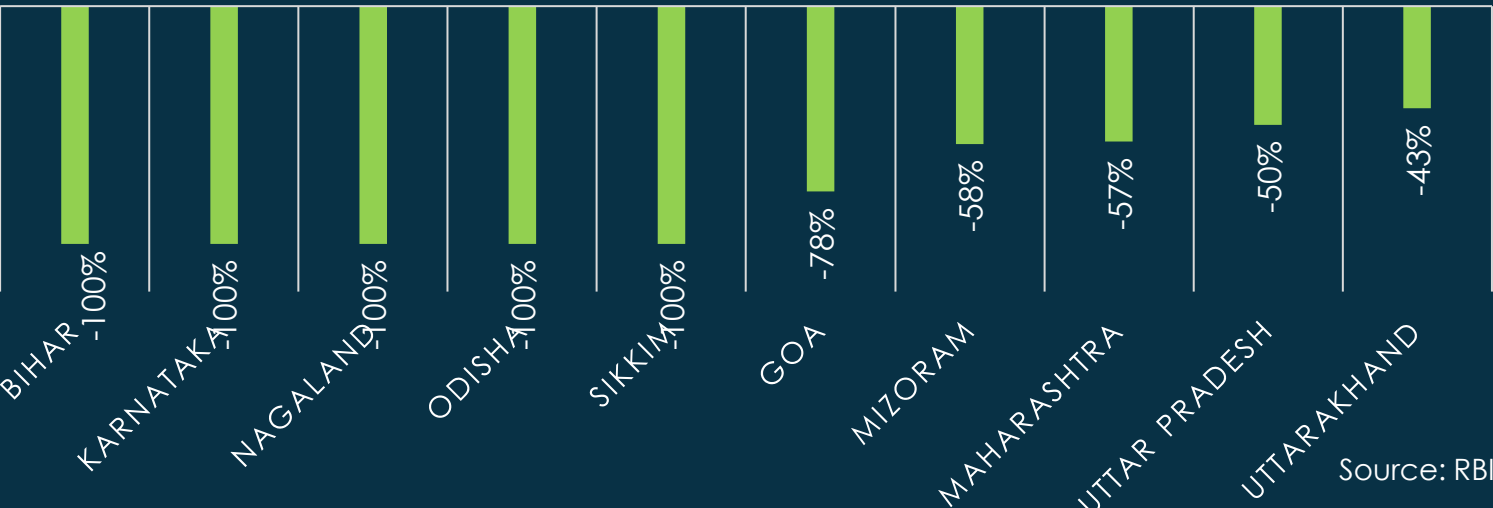
States Borrowing more than Calendar

Tripura	800%	Himachal Pradesh	20 %
Manipur	150%	Rajasthan	12%
Telangana	24%	Kerala	9 %
Andhra Pradesh	22%		
Tamil Nadu	22%		

Top 5 Issued SDLs with tenure > 20 yrs..

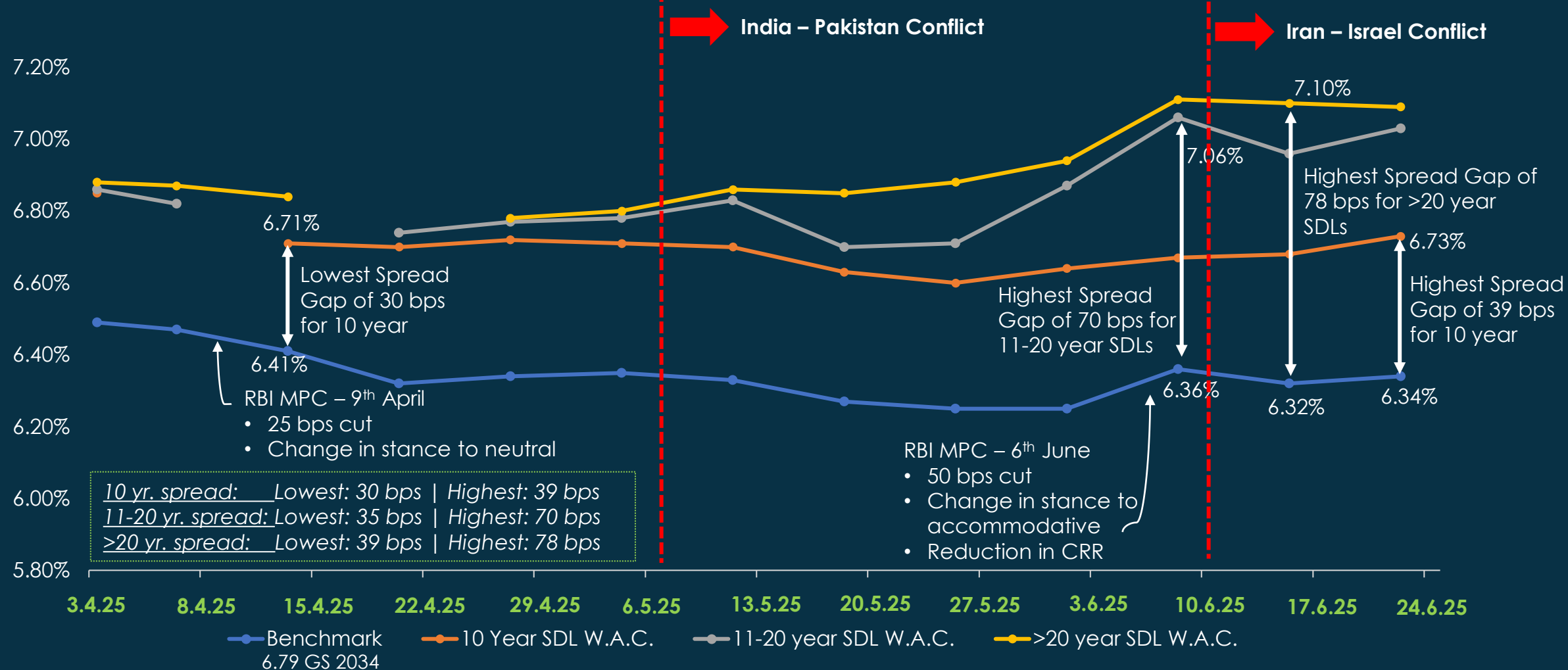
	Share	Amount (cr.)	Highest Tenure
Telangana	91%	15,900	36 yrs.
Kerala	83%	10,000	37 yrs.
West Bengal	73%	7,500	26 yrs.
Rajasthan	47%	11,000	27 yrs.
Punjab	43%	6,800	25 yrs.

Lowest Borrowing States in Q1 with respect to their planned calendar



Spread Trend: Q1 - FY26 SDL Auctions

SDL Issuance has been muted with rising yields especially in May & June in long-term SDLs



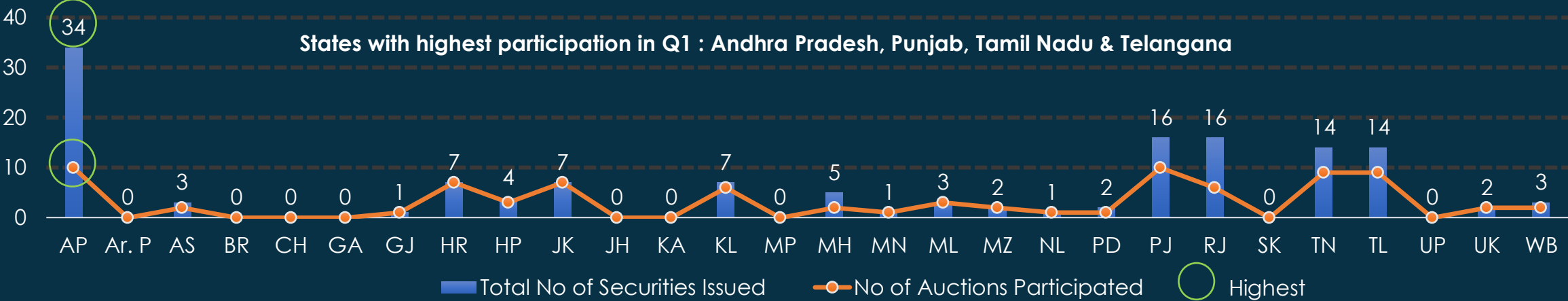
Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q1

[Weighted Average Cut-Off on Auction Days]

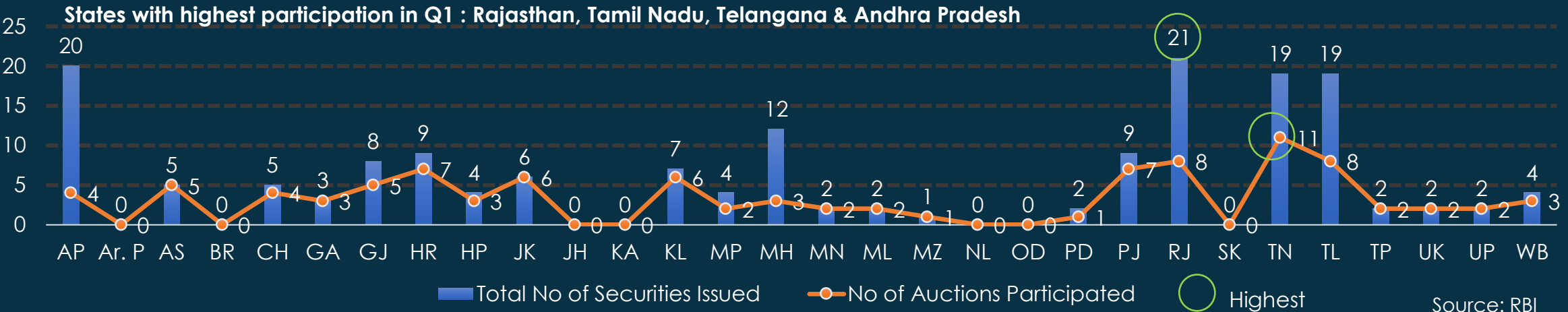
Source: RBI, CCIL

State Wise SDL Auction Frequency – Q1

Q1 FY 2024-25



Q1 FY 2025-26



Source: RBI

Rajasthan issued maximum securities in Q1 FY25-26 as compared to Andhra Pradesh in last Q1 FY24-25

Summary

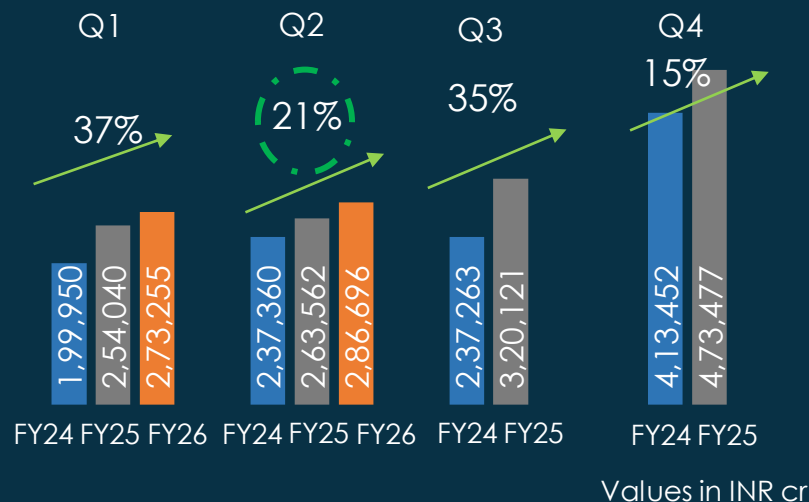
- Indian States and UTs have cumulatively raised 2.01 lac cr in Quarter 1 of FY26 through market borrowings; 39% more than that raised in Quarter 1 of FY25 [1.45 lac cr]
- Total borrowings in this quarter was less by 72,406 cr [26%] as planned in the calendar
- Actual borrowings in this quarter was 2.01 lac cr; 74% of calendar [2.73 lac cr]
- While states continued to under-borrow in this Q1 FY26, borrowings were significantly higher than Q1FY25 where we had seen the impact of General elections
- SDL trading in secondary market also remained muted with increase in yields due to geopolitical events as well as the weakened demand arising out of RBI's M.P.C. measures in the quarter
- States had increased their borrowings considerably in March'25 taking advantage of lower yields and healthy demand from institutions
- Significant spread volatility was witnessed across tenors in more than one weekly auction as investors gave preference to certain states leading to considerable spread gaps within the same tenors

SDL Calendar Highlights – Q2 FY26

Quarter 2 SDL Calendar for FY26

2,86,696 cr

SDL Calendar of states Q-o-Q



Summary

- SDL calendar has increased by more than 25% in Q1 & Q2 in last 3 years
- SDL calendar has seen very little increase between Q1/Q2 FY25 & Q1/Q2 FY26
- Calendar this year is relatively muted

States with highest calendar borrowings for Q2FY26

	Q2FY26		Q2FY26
Maharashtra	59,000 cr	Uttar Pradesh	17,000 cr
Tamil Nadu	30,000 cr	Bihar	16,000 cr
West Bengal	24,000 cr	Gujarat	15,500 cr
Madhya Pradesh	18,400 cr	Kerala	15,000 cr
Rajasthan	17,000 cr	Haryana	13,000 cr

Calendar Insights

- Maharashtra, Tamil Nadu, West Bengal and Rajasthan have had highest calendar issuances in both Q1 & Q2
- Allocation to overall long duration borrowings may further increase as seen in Q1FY26

Source: RBI

- Borrowings as per calendar of Q2FY26 might be issued at 80% - 90% depending on overall market demand and falling of yields from current state
- Highest Tenor of SDLs have also gone up to 37 years (issued by Kerala in June'25) as compared to last fiscal where the highest tenor was 35 years (issued by Kerala in August'24)
- Q1 for debt markets has seen extreme volatility with both 10 year Benchmark and SDLs moving more than 25 bps. While 10 year spreads have remained range bound between 30-39 bps, spreads for long duration SDLs as compared to 10 year benchmark has doubled from 39 bps to 78 bps
- We have seen that overall allocation of new SDLs in >20 year cohort has increased from 16% in Q1FY25 to 27% in Q1FY26. States might need to limit long-term issuances as demand gap is evident with such high spreads
- We expect that demand for long duration SDLs from certain investor classes may increase in the fag end of Q2 which may create spread compression for long duration SDLs
- Few abnormalities with regards to certain states seeing better auction cut-offs for same tenors as compared to other states have been noted(E.g. 10 year auction cut-off for Assam on 1 July - 6.86, whereas the cut-off for Andhra Pradesh, Rajasthan and Tamil Nadu was at 6.80)
- Investors could benefit by taking conscious spread calls on these abnormalities while looking to park their funds for HTM portfolio

For any queries:



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