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SDL Quarterly Overview

**Quarter 2 FY26 & Q3
Calendar updates**

Strictly Confidential



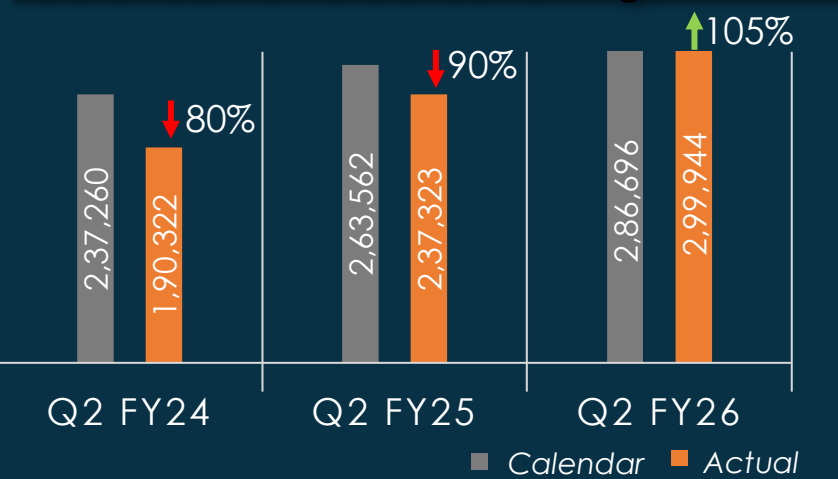
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SDL Issuance Highlights – Q2 FY26



Calendar vs Actual Borrowings



Top 5 borrowing States – Q2

Maharashtra	48,500 cr
Telangana	32,500 cr
Bihar	30,000 cr
Tamil Nadu	27,000 cr
Madhya Pradesh	25,600 cr

States Borrowing more than Calendar

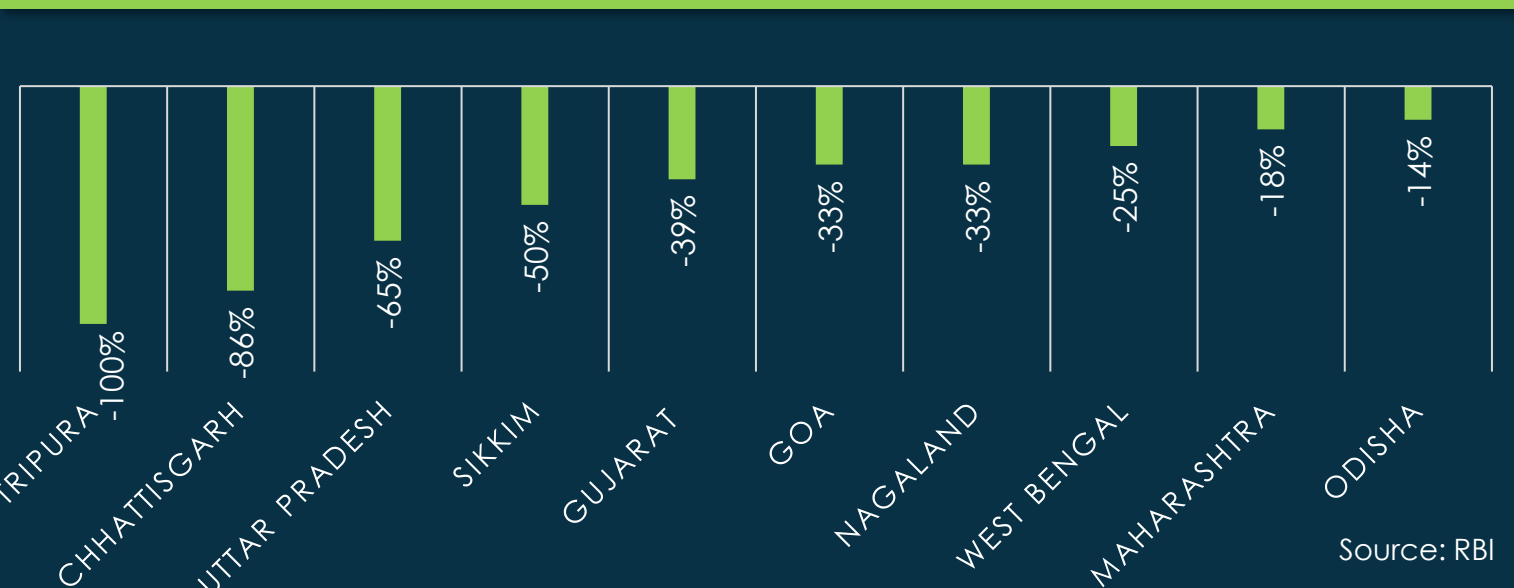
Telangana	171%	Himachal Pradesh	22%
Bihar	88%	Rajasthan	15%
Andhra Pradesh	53%	Kerala	13%
Madhya Pradesh	39%	Meghalaya	14%
Punjab	35%	Assam	01%
Manipur	33%		

Note: Jharkhand - Not planned for Q2 but raised 2,000 cr

Top 5 Issued SDLs with tenure > 20 yrs..

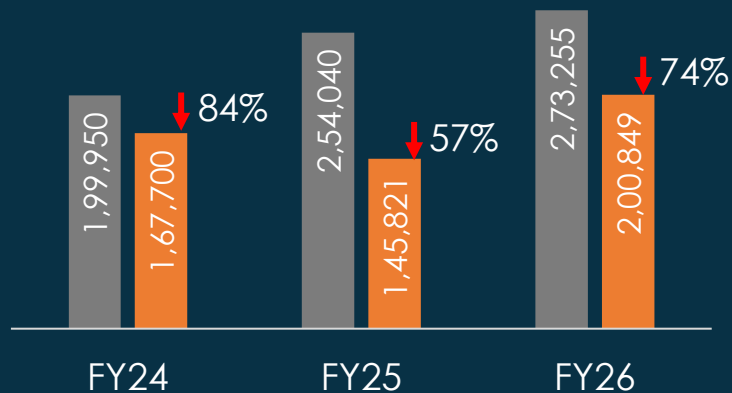
	Share	Amount (cr.)	Highest Tenure
Telangana	97%	31,500	38 yrs.
Kerala	59%	10,000	35 yrs.
Himachal Pradesh	56%	1,919	25 yrs.
Maharashtra	45%	22,000	30 yrs.
Rajasthan	38%	7,500	30 yrs.

Lowest Borrowing States in Q1 with respect to their planned calendar



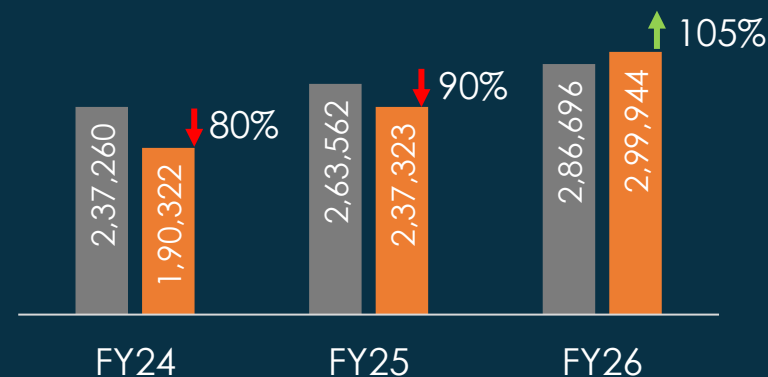
Quarterly & Half-Yearly SDL Issuance Trend

Quarter 1



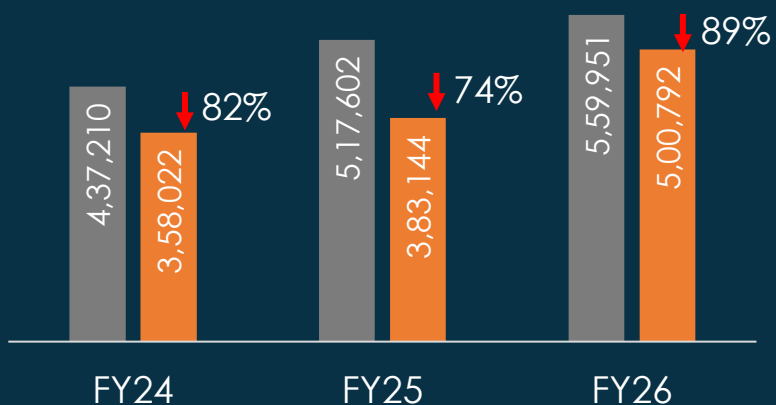
Subdued borrowing in Q1FY26 from states

Quarter 2



Highest borrowing in Q2 FY26 vis-à-vis last 2 years

Half – Yearly 1



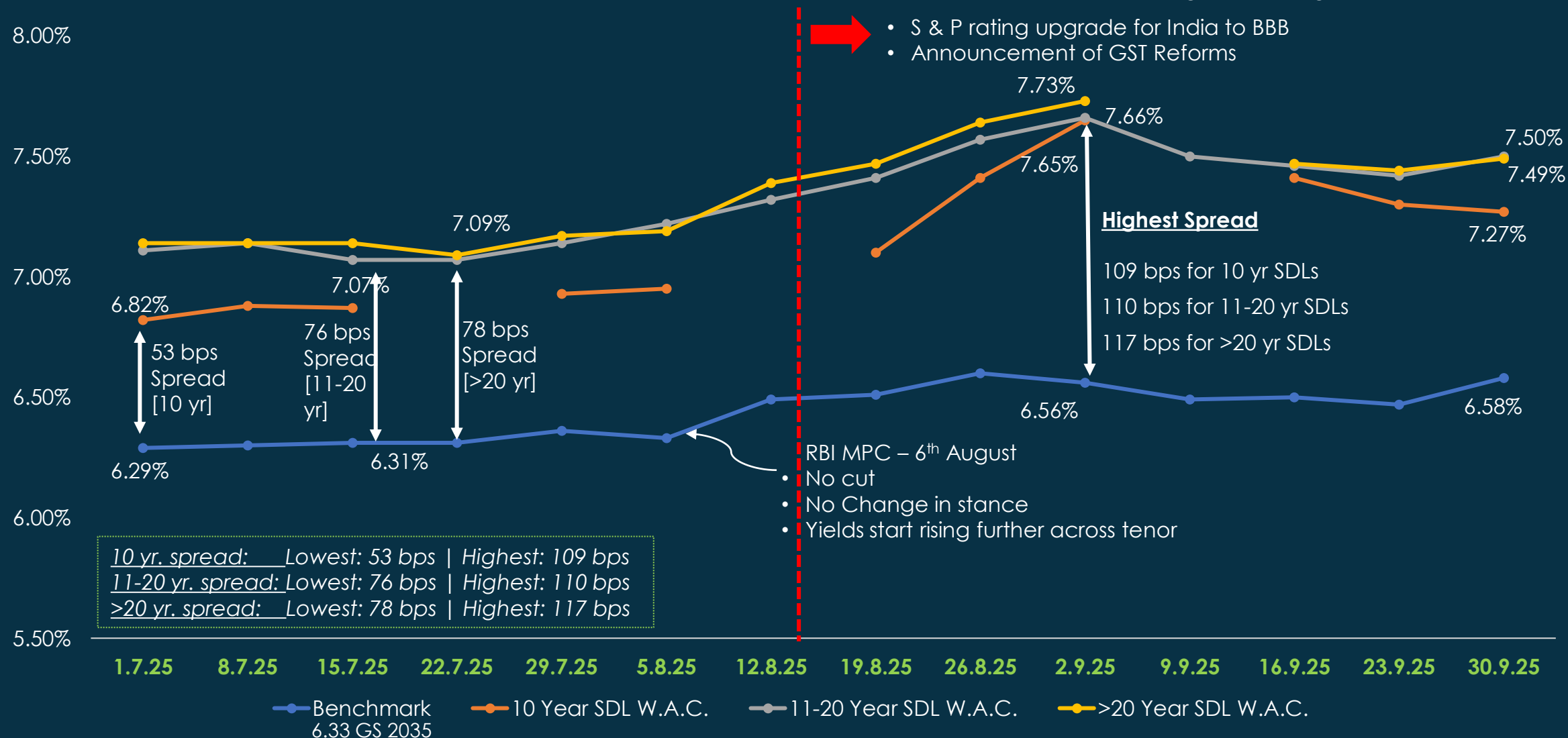
Top 5 Borrowing States in H1 FY26

	H1FY26	H1FY25	% Change
Maharashtra	70,000 cr	64,000 cr	↑ 9%
Tamil Nadu	51,300 cr	50,000 cr	↑ 3%
Telangana	49,900 cr	31,500 cr	↑ 58%
Andhra Pradesh	44,172 cr	44,000 cr	↑ 0.4%
Rajasthan	43,100 cr	36,500 cr	↑ 18%

Source: RBI

Spread Trend: Q2 - FY26 SDL Auctions

Below chart depicts spread trend for Q2 SDL auctions between 10 year benchmark vs yields of states with on **weighted average cut-off** basis in 3 categories



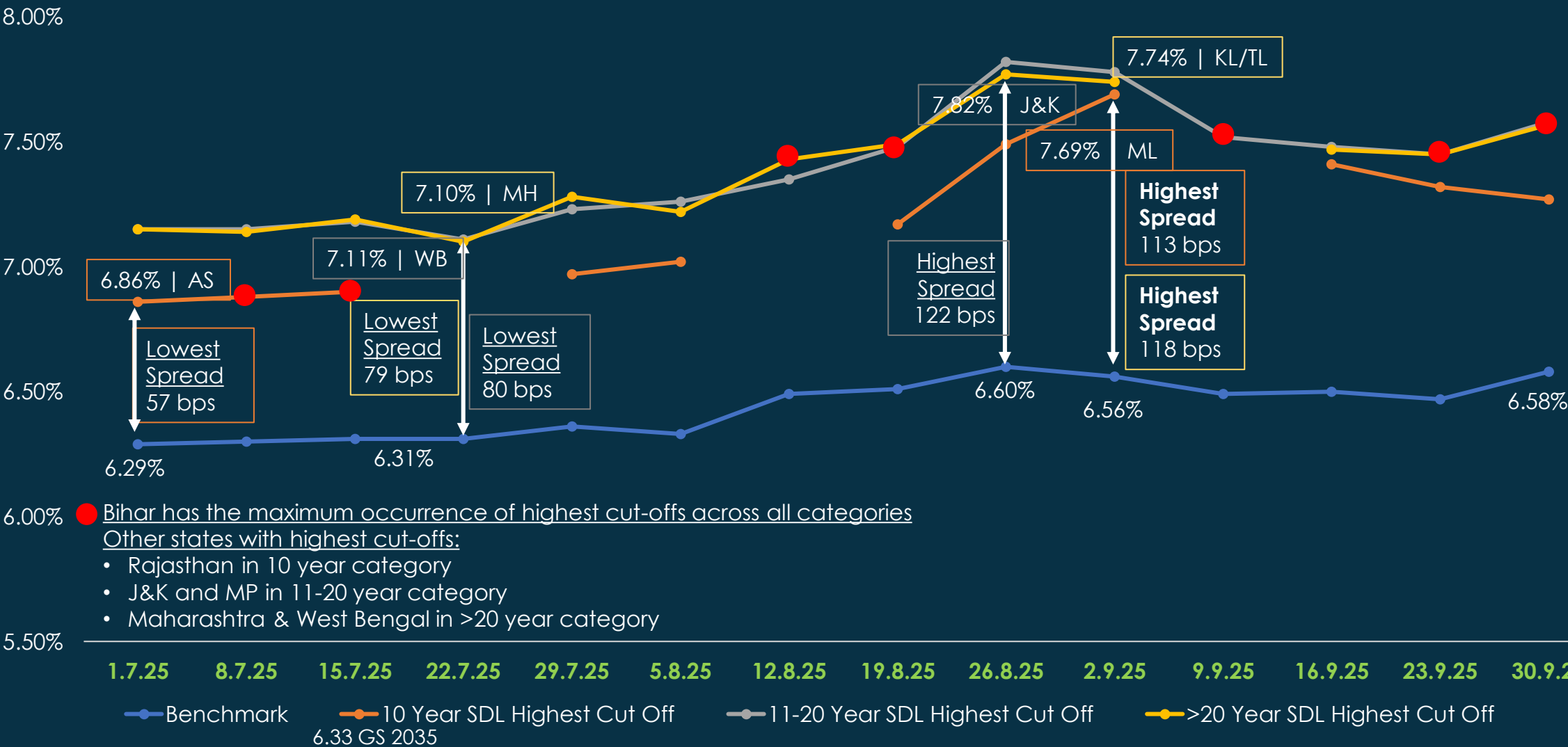
Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q2

[Weighted Average Cut-Off on Auction Days]

Source: RBI, CCIL

Spread Trend: Q2 - FY26 SDL Auctions

Below chart depicts spread trend for Q2 SDL auctions between 10 year benchmark vs yields of states with **Highest cut-off** in 3 categories



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

[State with Highest Cut-off of in the category on Auction Days]

Source: RBI, CCIL

Yield Variation in SDLs for Same Tenor – H1FY26

Insights on gap in yields of different states for same maturity where Gap went more than 20 bps – Apr-Sep 2026

Tenor – 6 Years

Auction Date	Minimum		Maximum		Gap (bps)
	Cut Off	State	Cut Off	State	
05-08-2025	6.77%	AP	6.84%	JK	7
26-08-2025	7.00%	TN	7.13%	AS	13
02-09-2025	7.01%	GJ	7.24%	BR	23
16-09-2025	7.05%	TN	7.09%	PY	4

Tenor – 8 Years

Auction Date	Minimum		Maximum		Gap (bps)
	Cut Off	State	Cut Off	State	
15-07-2025	6.86%	UP	6.87%	AP	1
19-08-2025	7.02%	GJ	7.12%	UP	10
26-08-2025	7.25%	OD	7.52%	KL	27
02-09-2025	7.48%	AP	7.54%	BR	6
16-09-2025	7.18%	MH	7.19%	TN	1
23-09-2025	7.18%	TN	7.39%	PB	21

Tenor – 9 Years

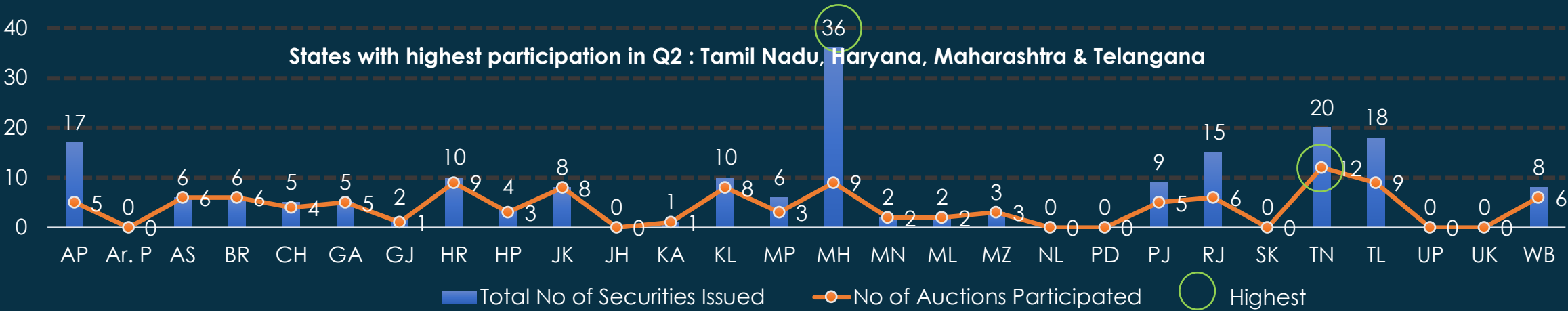
Auction Date	Minimum		Maximum		Gap (bps)
	Cut Off	State	Cut Off	State	
15-07-2025	6.80%	GJ	6.88%	AP	8
26-08-2025	7.25%	GJ	7.44%	HR	19
02-09-2025	7.31%	TN	7.48%	AP	17
09-09-2025	7.24%	MH	7.45%	BR	21
16-09-2025	7.20%	MH	7.33%	JH	13

Tenor – 10 Years

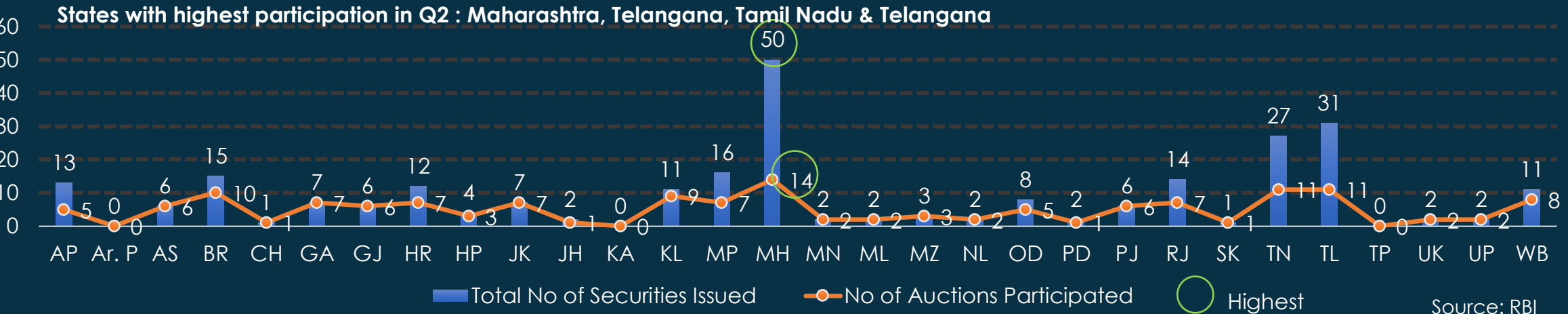
Auction Date	Minimum		Maximum		Gap (bps)
	Cut Off	State	Cut Off	State	
03-04-2025	6.84%	H.P.	6.88%	ML	4
29-04-2025	6.70%	RJ	6.74%	UK	4
13-05-2025	6.69%	GJ	6.71%	TN	2
20-05-2025	6.63%	AS	6.65%	GA	2
03-06-2025	6.63%	GA	6.64%	ML / RJ	1
10-06-2025	6.66%	TN	6.68%	AP	2
24-06-2025	6.73%	RJ	6.74%	UK	1
01-07-2025	6.80%	AP / RJ / TN	6.86%	AS	6
15-07-2025	6.82%	TN	6.90%	BR	8
29-07-2025	6.88%	TN	6.97%	UK	9
05-08-2025	6.87%	TN	7.02%	AS	15
19-08-2025	7.09%	TN	7.17%	GA	8
26-08-2025	7.27%	HP	7.49%	RJ	22
02-09-2025	7.63%	AS	7.69%	ML	6
16-09-2025	7.39%	GA	7.41%	SK	2
23-09-2025	7.26%	TN	7.32%	RJ	6

State Wise SDL Auction Frequency – Q2

Q2 FY 2024-25



Q2 FY 2025-26



Source: RBI

Maharashtra issued maximum securities both in Q1 and Q2 in FY25-26 as compared to Andhra Pradesh & Rajasthan last FY

Summary

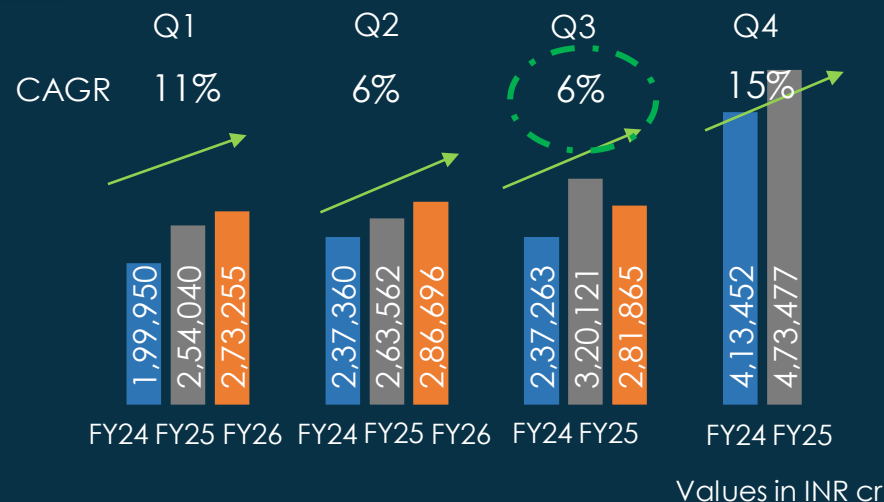
- Indian States and UTs have cumulatively raised 2.99 lac cr in Quarter 2 of FY26 through market borrowings; 26% more than that raised in Quarter 2 of FY25 [2.37 lac cr]
- Total borrowings in this quarter was **more by 13,248 cr [5%]** as planned in the calendar
- Actual borrowings in this quarter was 2.99 lac cr; 105% of calendar [2.86 lac cr]
- States have overborrowed in Q2 FY26, despite of the yields inching higher from since August'25
- Demand for SDLs was very low in the quarter which led to further increase in SDL spreads during auctions going up to more than 100 bps; one of the highest in the short term
- The quarter witnessed significant volatility in yields of different states for the same maturity. While earlier, such differences range between 2-5 bps points, states yields saw differences up to 30 bps for the same maturity
- Due to such disparity, few states refrained from issuing securities at higher yields while others went ahead and borrowed at higher costs as per their calendar
- States also went ahead and issued SDLs for maturities as high as 38 years (Telangana) in this quarter

SDL Calendar Highlights – Q3 FY26

Quarter 3 SDL Calendar for FY26

2,81,865 cr

SDL Calendar of states Q-o-Q



Summary

- SDL calendar reduced by ~12% as compared to Q3FY25 and by ~2% vis-a-vis Q2FY26 despite overborrowing in Q2 this year
- High borrowings costs due to increase in yields and additional tax devolution support from center aided in lower demand from states

States with highest calendar borrowings for Q3FY26

Q3FY26		Q3FY26	
Tamil Nadu	39,000 cr	Madhya Pradesh	15,640 cr
Uttar Pradesh	33,000 cr	Rajasthan	14,455 cr
Maharashtra	29,199 cr	Andhra Pradesh	11,900 cr
West Bengal	29,000 cr	Karnataka	10,000 cr
Gujarat	20,000 cr	Bihar	9,852 cr

Calendar Insights

- Maharashtra and Tamil Nadu, continue to be in the top borrowing league in FY26
- States such as Uttar Pradesh & Bihar are borrowing heavily despite receiving healthy support on advance tax devolution

Source: RBI

- *States have taken note of the increase in borrowing costs and reduced their calendar borrowings for the first time in last 3 years in Q3*
- We might see some spread compression in Q3FY26 as institutional demand starts increasing as well as possibilities of another rate cut may occur during the MOC meeting in December
- States should borrow wisely as yields rise and they continue to borrow at the higher end of the curve
- Yield disparity among states for same maturity needs to be addressed in order provide better liquidity for SDLs in the secondary market
- Investors would want to start locking their investment in SDLs before spread compression starts considering the expected demand and lower supply as per calendar in Q3'FY26
- We expect the SDL spreads compared to 10 year benchmark to range between 40-70 bps across all tenors in Quarter 3 of FY26

For any queries:



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