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# **SDL Quarterly Overview**

**Quarter 3 FY25 & Q4  
Calendar updates**

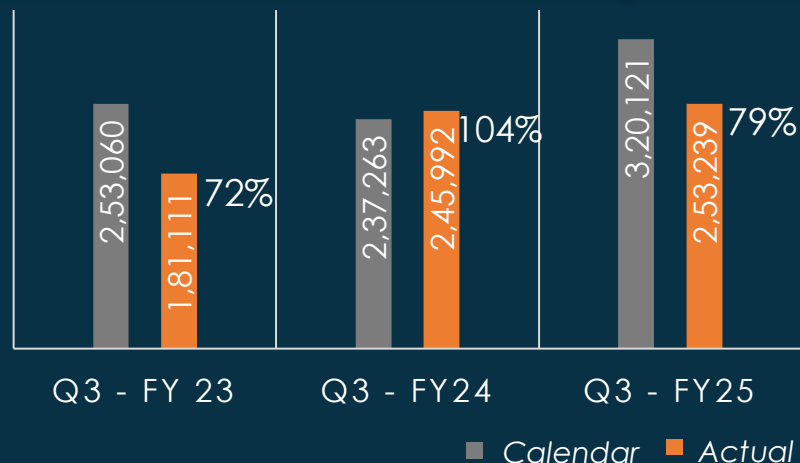
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- SDL Issuance Highlights – Q3 FY25
- Quarterly and 3 Quarter SDL issuance trend
- Spread Trend: Q3 - FY25 SDL Auctions
- State wise SDL Auction Frequency
- Summary
- SDL Calendar Highlights – Q4 FY25
- Outlook
- Contact
- Disclaimer

# SDL Issuance Highlights – Q3 FY25

## Calendar vs Actual Borrowings



## Top 5 borrowing States – Q3

Karnataka	44,000 cr
Tamil Nadu	28,025 cr
Uttar Pradesh	24,000 cr
Bihar	20,000 cr
Madhya Pradesh	20,000 cr

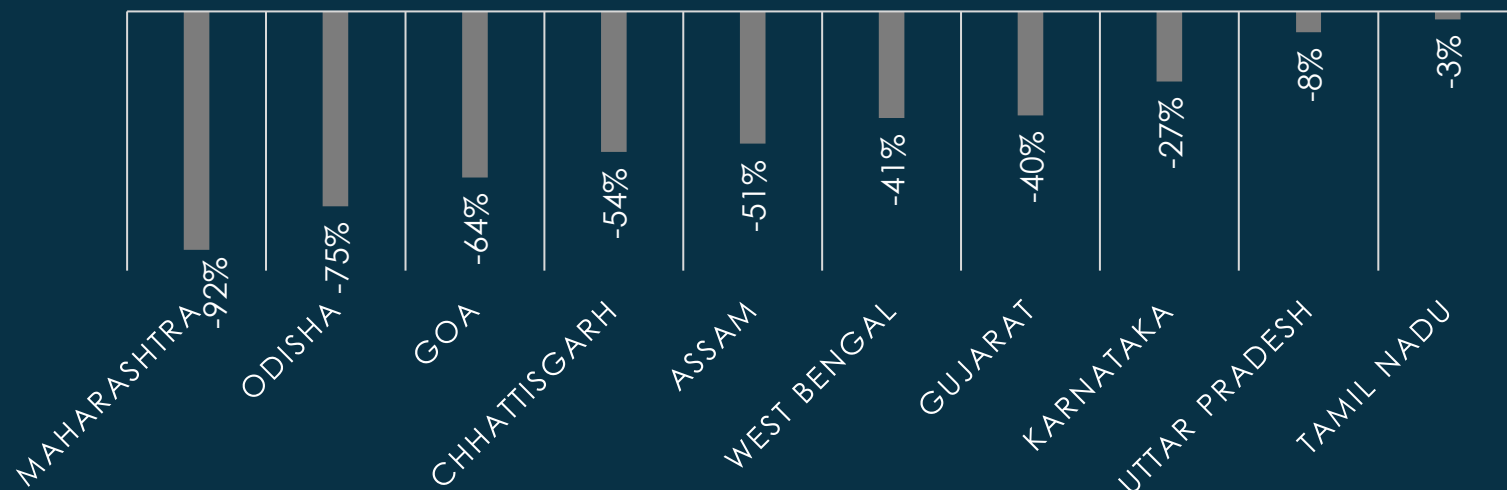
## States Borrowing more than Calendar

Puducherry	63 %	Kerala	24 %
Andhra Pradesh	60%	Rajasthan	12%
Punjab	36%	Madhya Pradesh	11 %
Himachal Pradesh	31%		
Telangana	27%		

## Top 5 Issued SDLs with tenure > 20 yrs..

	Share	Amount (cr.)	Highest Tenure
Jammu & Kashmir	71%	1,920	30 yrs.
Telangana	57%	5,409	29 yrs.
Madhya Pradesh	25%	5,000	22 yrs.
Tamil Nadu	21%	6,000	30 yrs.
Andhra Pradesh	16%	3,000	25 yrs.

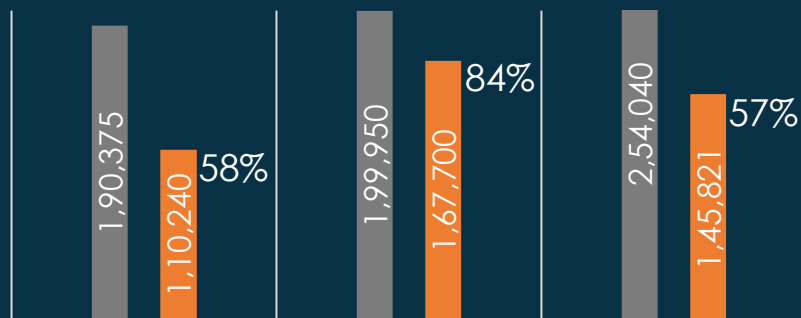
## Lowest Borrowing States in Q3 with respect to their planned calendar



# SDL Issuance Trend – Calendar vs Actual

■ Calendar ■ Actual

## Quarter 1



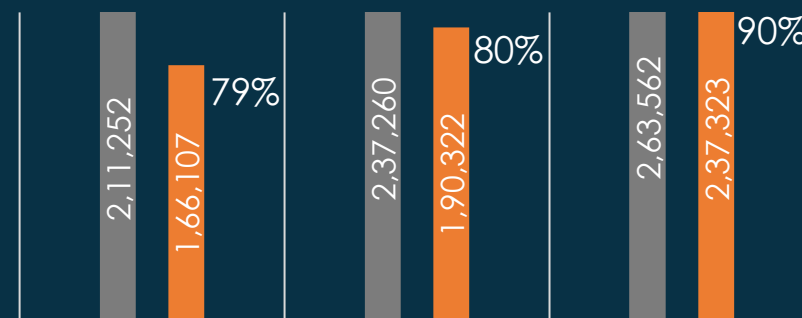
Q1 - FY23

Q1 - FY24

Q1 - FY25

*Lowest borrowing in FY25 due to General Elections*

## Quarter 2



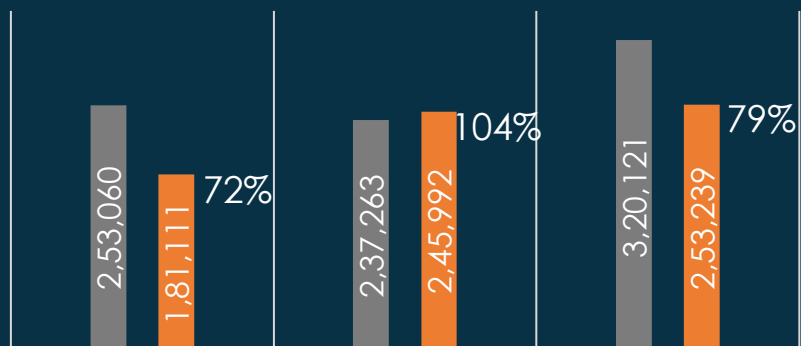
Q2 - FY23

Q2 - FY24

Q2 - FY25

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

## Quarter 3



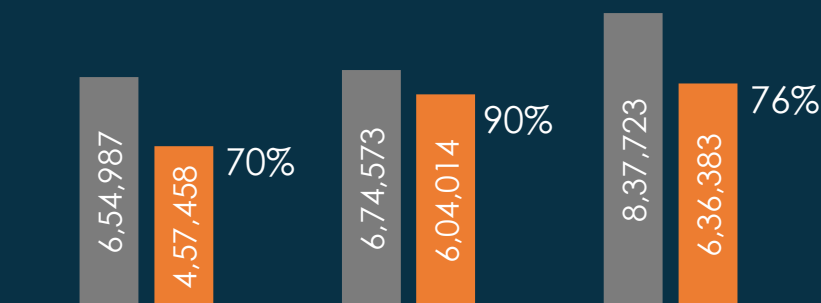
Q3 - FY23

Q3 - FY24

Q3 - FY25

*Decline in borrowings with Tax Devolution Support*

## Total of Q1 + Q2 + Q3



FY23

FY24

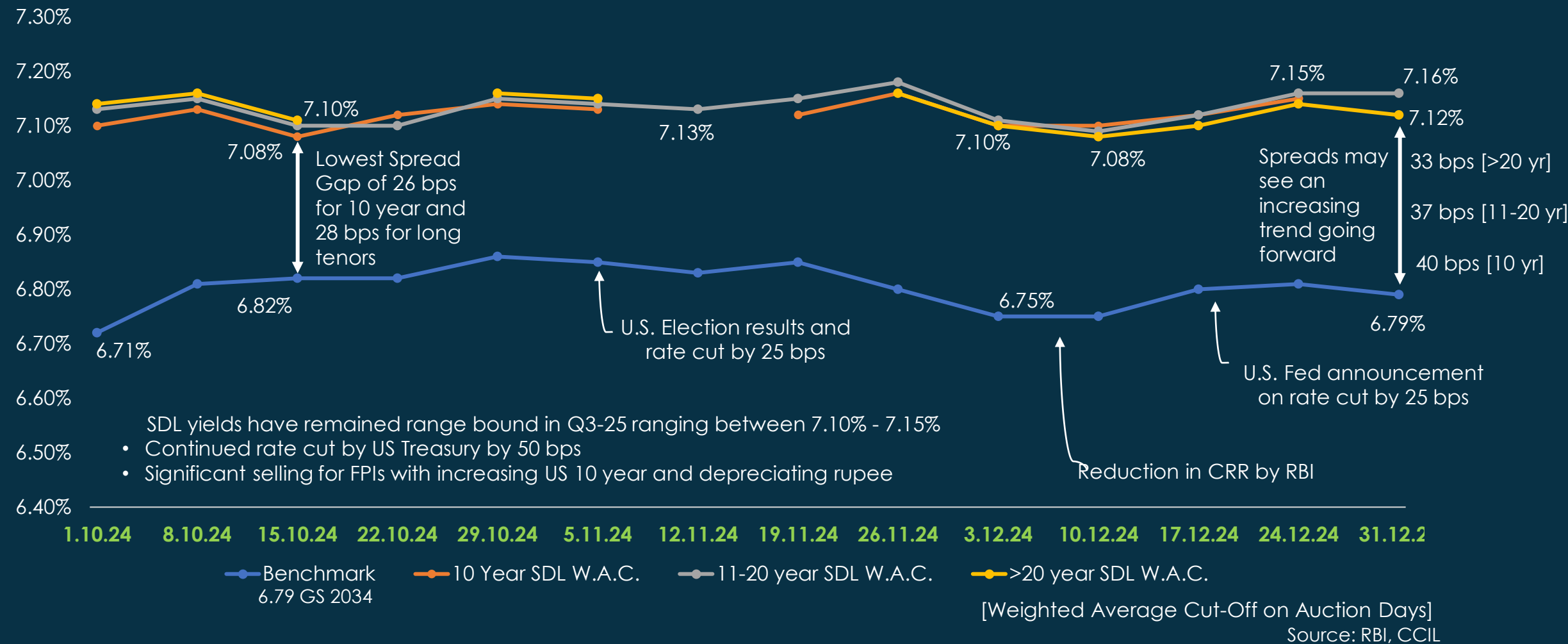
FY25

*Significant Gap in Calendar-vs-Actuals*

Source: RBI

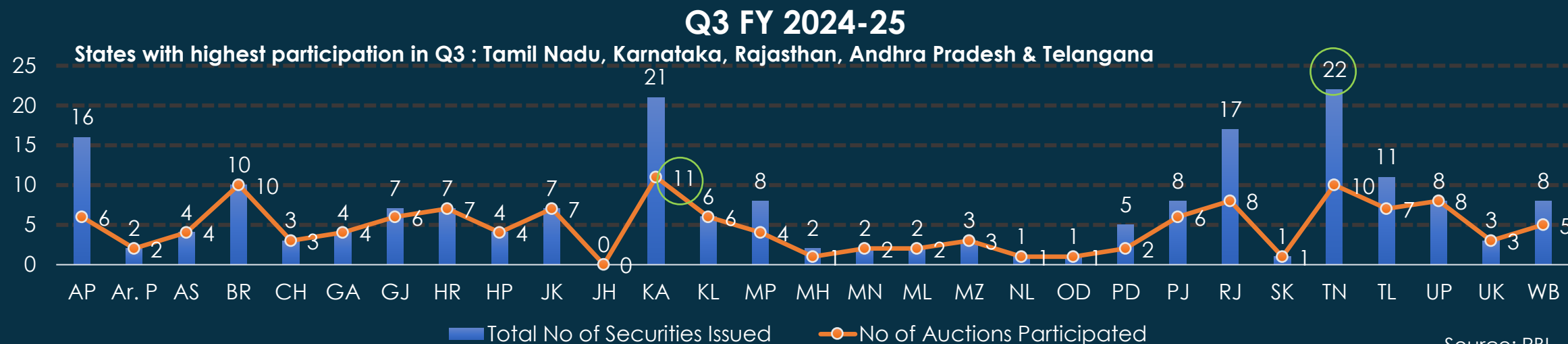
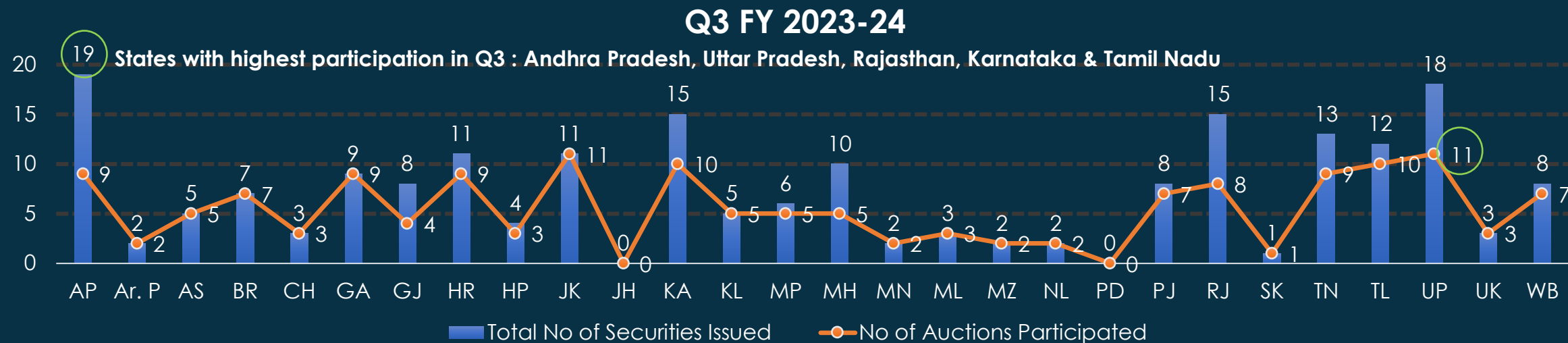
# Spread Trend: Q3 - FY25 SDL Auctions

*SDL Issuance was muted due to advance tax devolution support by Central Government to states*



**Note:** 10-yr Benchmark Levels are depicted only for SDL Auction dates in Q3

# State Wise SDL Auction Frequency – Q3



Source: RBI

Tamil Nadu issued maximum securities in Q3 FY24-25 as compared to Maharashtra in the last quarter

# Summary

- Indian States and UTs have cumulatively raised 2.53 lac cr in Quarter 3 of FY25 through market borrowings; 3% more than that raised in Quarter 3 of FY24 [2.46 lac cr]
- Total borrowings in this quarter was less by 66,882 cr [21%] as planned in the calendar
- Actual borrowings in this quarter was 2.53 lac cr; 79% of calendar [3.20 lac cr]
- States had under-borrowed in Q1 of FY25 due to the ongoing General elections
- While SDL trading in secondary market increased fairly in October and mid-November, it mellowed down later with FPIs exiting Indian markets and lackluster demand from PDs and buy only funds
- Spread volatility was witnessed due to changes in macroeconomic and political scenario across the world impacting FPI investments
- Buy only funds are expected to be the major investors in Q4 while other buyers will remain cautious until global macroeconomic scenario becomes more stable

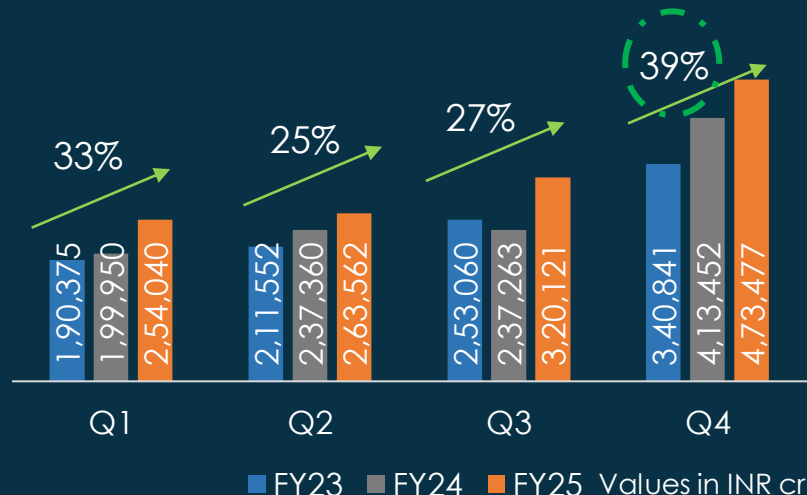


# SDL Calendar Highlights – Q4 FY25

## Quarter 4 SDL Calendar for FY25

4,73,477 cr

## SDL Calendar of states Q-o-Q



## Summary

- SDL calendar has increased by more than 25% in every quarter in last 3 years
- Cumulative Calendar has gone up by 21% since last year (FY24 calendar - 10.88 lac cr while FY25 calendar – 13.11 lac cr)

## States with highest calendar borrowings for Q4FY25

	Q4FY25		Q4FY25
West Bengal	58,000 cr	Uttar Pradesh	36,000 cr
Maharashtra	50,000 cr	Telangana	30,000 cr
Karnataka	48,000 cr	Rajasthan	23,707 cr
Madhya Pradesh	45,000 cr	Haryana	21,500 cr
Tamil Nadu	45,000 cr	Kerala	17,000 cr

## Calendar Insights

- States have planned more borrowings after 15<sup>th</sup> of every month
- State might borrow more than 92% similar to last year as demand for capital outlay and populist schemes of elections need to be addressed

Source: RBI



- Borrowings as per calendar of Q4FY25 are expected to be issued at ~90%, however we feel that overall FY25 borrowings should hover around 12 lac cr; roughly 20% more than last years actual borrowings
- 10 year Spreads have been range bound in Q3 with an increasing trend during the fag end of the quarter. We expect the SDL spreads to range between 35-50 bps across all tenors in the last quarter
- The significant increase in calendar borrowings in Q4 might increase the spread up to 50 bps, due to excessive supply
- Role of FPIs would be critical in managing spread gap. Rupee depreciation could lead to further erosion of FPI portfolio, hence investors need to stay relatively more cautious in the initial weeks of the quarter

# For any queries:



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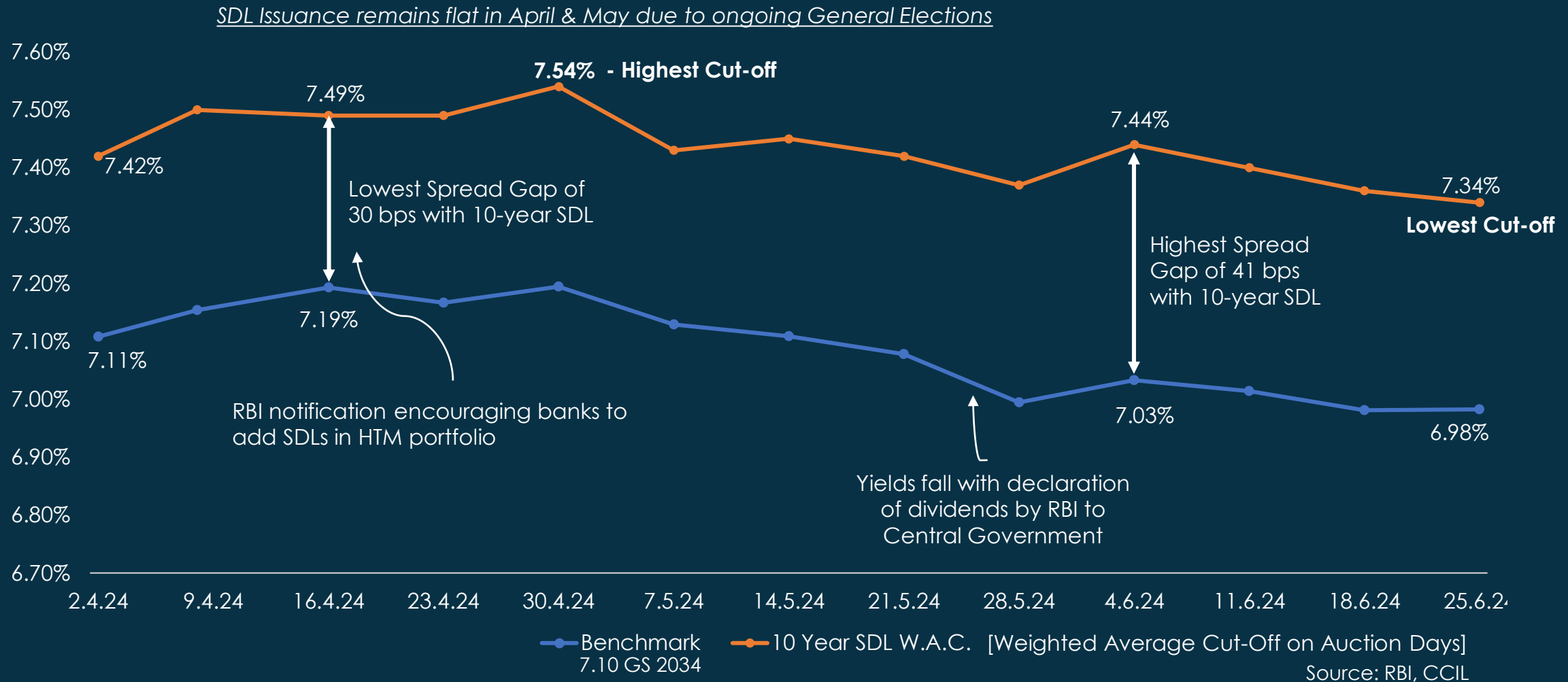
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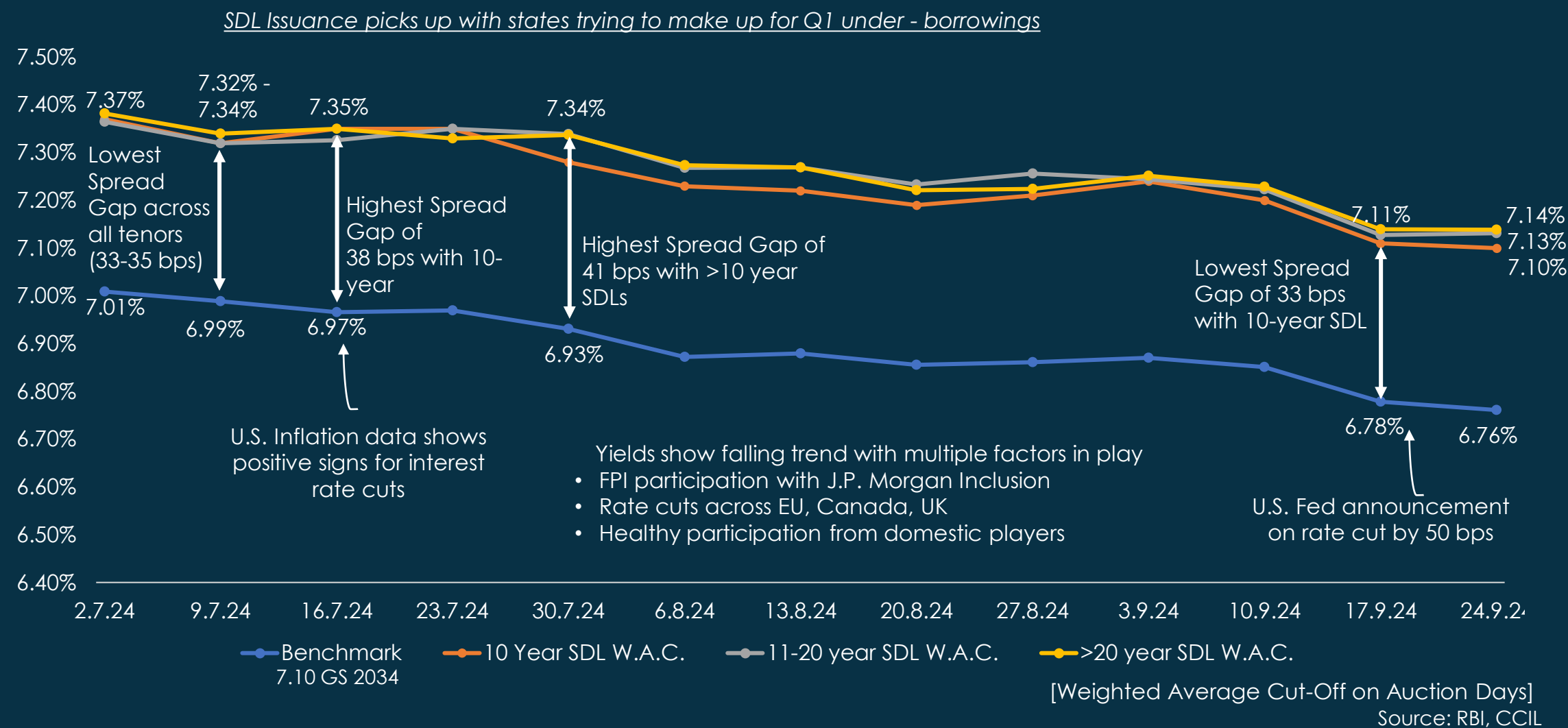
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# 10-Year Spread Trend: Q1 - FY25 SDL Auction



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

# Spread Trend: Q2 - FY25 SDL Auctions



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