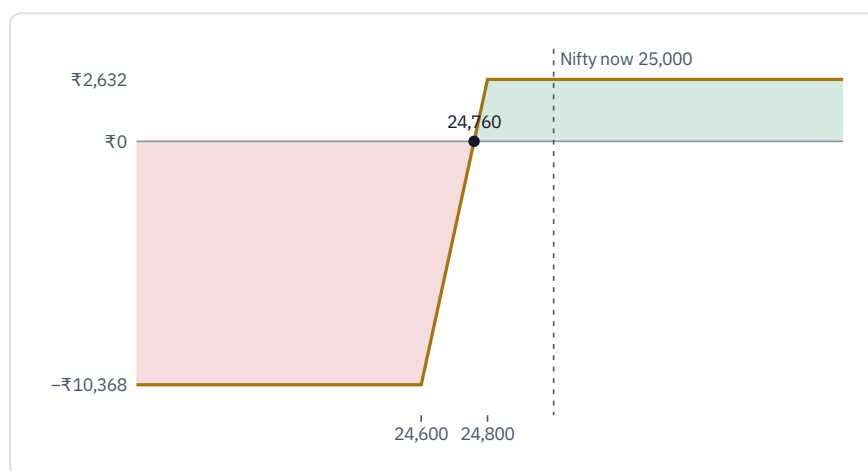


Bull Put and Bear Call Spreads strategy

How credit spreads work, max profit and loss, breakevens, strike choice and worked examples for both. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Bull put spread:** sell a put below the market and buy a further put below it; profits if the Nifty stays above the sold strike
- **Bear call spread:** sell a call above the market and buy a further call above it; profits if the Nifty stays below the sold strike
- **Maximum profit and loss:** profit is the net premium; loss is the distance between the strikes minus the premium
- **When:** bull put when your view is up or sideways, bear call when it's down or sideways
- **Exit:** take profit at about half the maximum, or close if the Nifty reaches the sold strike



Payoff at expiry for one lot, with model premiums (Nifty 25,000, 12% volatility, 6 days). Live premiums differ.

WORKED EXAMPLE

Bull put: sell 24,800 PE 66.05, buy 24,600 PE 25.55, credit 40.50 (₹2,633), max loss ₹10,368, breakeven 24,759.50. **Bear call:** sell 25,200 CE 82.00, buy 25,400 CE 34.35, credit 47.65, max loss ₹9,903.

LOT SIZE

Units = lots × 65. Premiums here are model estimates; use live prices. STT: 0.15% of premium sold (from 1 April 2026), plus brokerage, exchange charges and GST.

BEFORE EVERY TRADE

- ☐ View matches the spread (up/sideways or down/sideways)?
- ☐ Both legs entered together?
- ☐ Max loss per lot × lots within your limit?
- ☐ Take profit at ~50%?
- ☐ Exit if the sold strike is reached?

CHECK IT BEFORE YOU TRADE IT

1. Put live premiums into the payoff calculator.
2. Check the margin in your broker's calculator.
3. Set the stop and the take-profit before entry.
4. Paper trade a few weekly expiries, including a fast one.
5. Count costs: STT 0.15% of premium sold, plus brokerage and charges.
6. Calculator: pipledgerfx.com/nifty-option-payoff-calculator

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pipledgerfx.com/bull-put-bear-call-spread