

Nifty Iron Condor strategy

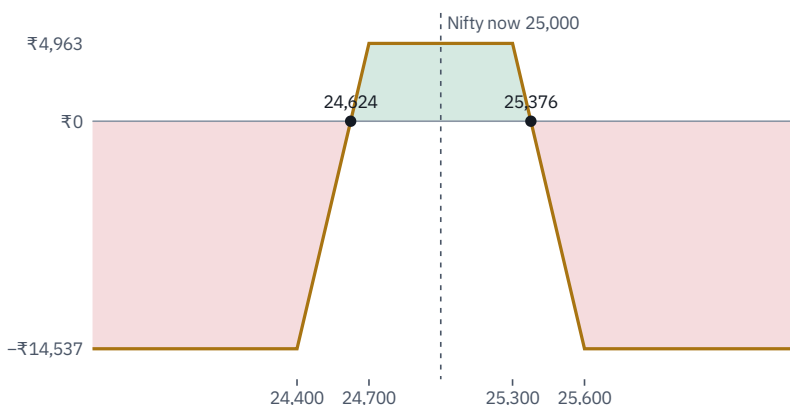
Four legs, strike and wing choice, max profit and loss, breakevens, exits and a worked example in rupees. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Setup:** sell an out-of-the-money call and put (300 points away in the example), and buy a further call and put the same distance beyond them as protection (another 300 points)
- **Maximum profit:** the net premium, if the Nifty finishes between the short strikes
- **Maximum loss:** the width of one wing minus the net premium, if the Nifty finishes beyond a protective strike
- **Exit:** buy back at about half the maximum profit, or if the loss reaches the size of the premium collected
- **Why:** a short strangle with a ceiling on the loss, and a much smaller margin

WORKED EXAMPLE

Sell 25,300 CE and 24,700 PE, buy 25,600 CE and 24,400 PE: net 76.35 points, ₹4,963 for 1 lot. Max loss $(300 - 76.35) \times 65 = ₹14,537$. Breakevens 24,623.65 and 25,376.35.



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

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

- ☐ Quiet week?
- ☐ Wings equal and close enough to matter?
- ☐ All four legs entered together?
- ☐ Take profit at ~50% of max?
- ☐ Exit if a short 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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