RESEARCH REPORT

Research Report AS-RR-2026-01

DERIVATIVES RESEARCH | INDIA | INDEX OPTIONS

A Report on the 30,000+ Backtested Results on Nifty for Option Selling Based on Arko's Strategy

Strikes, trailing stops and profit locks with re-entry: what works, how each trade behaves, and which one to follow

Arko's Strategy Research | 11 November 2026

Management, not entries, separates good and great option-selling results

Every strike pays; depth sets the risk.
Selling ATM+2 through ITM2 on identical Arko's Strategy signals was profitable in all six calendar years, from Rs 3,79,955 to Rs 7,30,651 per lot after costs. Profit and drawdown scale together up to ITM1.

A lock with re-entry lifts accuracy above 50%.
Locking 60% of peak profit after 20 points and re-selling after a 15-minute cool-off raised ITM1 accuracy from 42.7% to 53.2% and profit to Rs 7,09,243, while the worst month improved from Rs -16,701 to Rs -9,162.

It transfers to retail strikes.
ATM reached 51.6% accuracy (Rs 6,02,460); ATM+1 51.0% (Rs 5,09,045).

Simple trails help at the margin.
A 30% / 100-point / 50% trail beat plain ITM1 in all six years (Rs 7,04,372).

Booking profit early is costly.
Targets, tight stops, daily limits and locks without re-entry cut five-year profit by up to Rs 2.6 lakh per lot.

STUDY AT A GLANCE

Sample
11 Oct 2021 - 9 Nov 2026

Instrument
Weekly Nifty 50 options

Signals
Arko's Strategy, 5-min, Shorter Closing, Strength 5

Trades per configuration
~2,880

Backtests run
30,000+

Combinations reported
43

Costs
Statutory, zero brokerage, 1 tick slippage

BALANCED PICK: ITM1 + LOCK 20 / 60% / COOL-OFF

Profit after costs (1 lot)
Rs 7,09,243

Accuracy
53.2% (plain 42.7%)

Maximum drawdown
Rs -28,804

Worst month
Rs -9,162

Profitable years
6 of 6

For education and research only. Not investment advice. Past performance does not guarantee future results.

Abstract

We study how the management of a sold weekly Nifty option, rather than the entry signal, changes the profit, accuracy and risk of an option-selling programme driven by Arko's Strategy signals. Holding the same signal trades and changing only the strike and the exit rule, we evaluate 43 strike-exit combinations on five years of one-minute option prices with full statutory costs. All five strikes were profitable in every calendar year, earning Rs 3,79,955 (ATM+2) to Rs 7,30,651 (ITM2) per lot after costs with no exit rule. Profit and drawdown scale together with strike depth, so return per unit of drawdown is roughly constant from ATM+2 to ITM1. A ratcheting profit lock that arms at 20 points, keeps 60% of the best open profit and re-sells the same strike after a 15-minute cool-off raised the share of profitable trades from 42.7% to 53.2% on ITM1, lifted profit to Rs 7,09,243 and roughly halved the worst month; it improved accuracy above 50% on ATM, ATM+1 and ATM+2 as well. Fixed profit targets, tight stop-losses, daily limits and profit locks without re-entry all reduced profit, because returns are concentrated in a minority of long overnight positions.

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Executive Summary

53.2%
ITM1 accuracy with lock + cool-off (plain 42.7%)

Rs 7.09L
ITM1 five-year profit per lot after costs

Rs 9.2k
Worst month, loss (plain Rs 16.7k)

6 / 6
Profitable years, every strike

Key findings

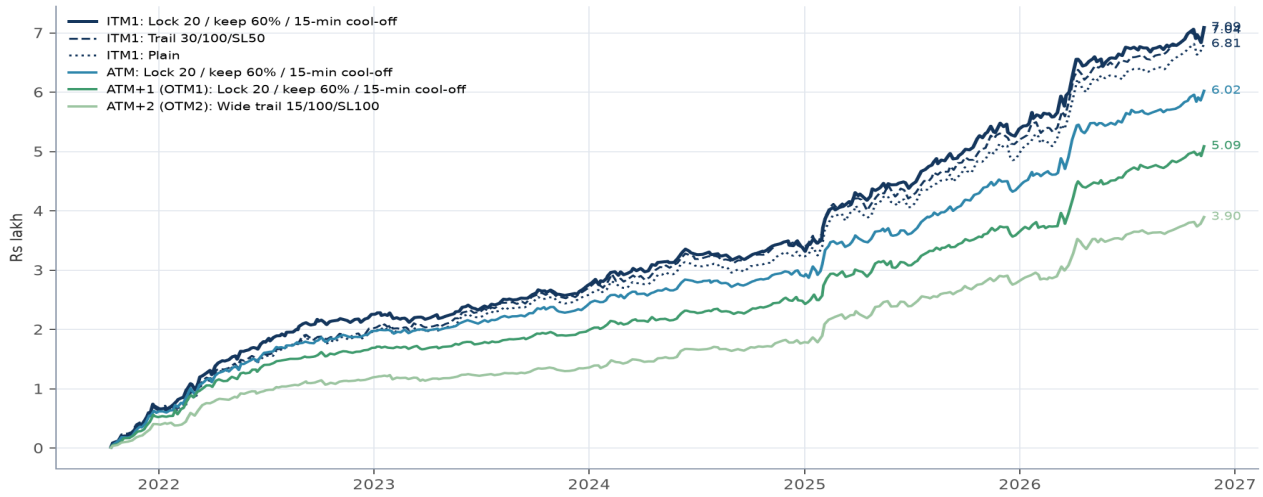
1. **Every strike is profitable before any exit rule.** Selling ATM+2 through ITM2 on the same signals made money in all six calendar years. Moving deeper in-the-money increases profit and drawdown in roughly equal proportion.
2. **The best all-round configuration is ITM1 with a 20-point lock, keeping 60% of peak profit, and a 15-minute cool-off re-entry.** Profit Rs 7,09,243 after costs (+28,050 vs plain), accuracy 53.2% (plain 42.7%), maximum drawdown Rs -28,804, worst month Rs -9,162 (plain Rs -16,701).
3. **The same rule transfers to the strikes favoured by retail sellers.** ATM: Rs 6,02,460 at 51.6% accuracy; ATM+1: Rs 5,09,045 at 51.0%; ATM+2: accuracy 51.1%.
4. **Simple trailing stops add a smaller but steadier gain.** On ITM1 the 30% / 100-point / 50% stop trail beat plain holding in all six years (Rs 7,04,372); the wide 15% / 100-point / 100% trail helps every strike.
5. **Early profit-taking without re-entry destroys value.** Profit targets, tight stops, daily limits and locks without re-entry reduced five-year profit by Rs 0.1 to 2.6 lakh per lot.

Exhibit 1: Recommended configurations by investor profile (1 lot, five years, after costs)

Profile	Configuration	Trades	Accuracy	After costs (Rs)	Max DD (Rs)	Worst month (Rs)
Balanced	ITM1 + Lock 20 / keep 60% / 15-min cool-off	3,730	53.2%	**7,09,243**	-28,804	-9,162
Maximum profit	ITM2 + Lock 30 / keep 60% / 15-min cool-off	3,437	47.8%	**7,63,629**	-36,809	-19,375
Simplest rule	ITM1 + Trail 30/100/SL50	2,876	42.6%	**7,04,372**	-33,142	-15,024
Retail ATM	ATM + Lock 20 / keep 60% / 15-min cool-off	3,442	51.6%	**6,02,460**	-25,762	-9,195
Low risk	ATM+1 (OTM1) + Lock 20 / keep 60% / 15-min cool-off	3,227	51.0%	**5,09,045**	-23,967	-8,538
Lowest risk	ATM+2 (OTM2) + Wide trail 15/100/SL100	2,879	48.5%	**3,89,712**	-18,547	-7,440

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Exhibit 2: Cumulative profit after costs, selected configurations (Rs lakh, 1 lot)



Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

1. Introduction

Retail option sellers spend most of their effort on entry timing, yet a large part of the outcome is decided after entry: which strike is sold, when profit is protected, and whether a position that has been closed should be re-opened. This report isolates those decisions. The entry and exit signals are held fixed throughout; every configuration trades exactly the same signal events, and only the option contract and the in-trade management rule change.

Arko's Strategy is a proprietary signal model on the Nifty 50 index chart. It produces a **BUY** signal (bullish), a **SELL** signal (bearish) and a **close** signal. The signal logic is not published; this report covers how to trade the signals with options.

The study addresses four questions:

1. How do profit, accuracy and risk change across the strikes commonly sold, from two strikes out-of-the-money to two strikes in-the-money?
2. Do trailing stops on the sold option improve results, and which settings are stable rather than lucky?
3. Can a profit lock combined with a re-entry rule raise accuracy without cutting the long winning trades?
4. Which configuration suits which kind of trader?

Section 2 describes the data, trade construction and costs. Section 3 reports results across all combinations, by strike and by year. Section 4 discusses the mechanisms behind the results, Section 5 gives recommendations and Section 6 sets out limitations.

2. Data and Methodology

2.1 Data

The sample covers 11 October 2021 to 9 November 2026. Option prices are one-minute closing prices for every weekly Nifty 50 index option contract, including the monthly contract in the weeks it serves as the weekly expiry. Lot sizes follow the exchange schedule in force on each expiry (50, then 25, 75 and 65 units). Each configuration produces about 2,880 signal trades.

2.2 Trade construction

- A **BUY** signal sells a weekly **put**; a **SELL** signal sells a weekly **call**. A seller profits when the premium falls.
- A **close** signal buys the option back. Only one position is open at a time; an opposite signal closes the existing position and opens a new one on the same candle.
- **Weekly expiry**: every trade uses the nearest Nifty expiry. In the week when the monthly contract is the nearest expiry, the monthly contract is treated as that week's weekly expiry.
- Positions are carried overnight until the strategy closes them. A position still open on expiry day is closed and re-opened in the following week's contract. Entries on expiry day are permitted.
- Chart settings: 5-minute Nifty chart, 'Shorter Closing' mode, Strength 5. Strike selection is relative to the at-the-money (ATM) strike at entry; strikes are 50 points apart. ATM+1 and ATM+2 are one and two strikes out-of-the-money; ITM1 and ITM2 are one and two strikes in-the-money.
- The hedged spread sells ITM2 and buys the same option type 12 strikes further out-of-the-money; both legs are closed together.

2.3 Execution and costs

- Signal trades fill at the close of the signal candle; exit-rule trades fill at the close of the minute that triggers them. Every order pays 1 tick (Rs 0.05) of slippage.
- Statutory charges are applied at the rates in force on each trade date: securities transaction tax on sell premium (0.0625%, 0.10% from October 2024, 0.15% from April 2026), exchange transaction charges, SEBI fees, stamp duty and GST. Brokerage is set to zero, as offered by several discount brokers.
- Results are reported both before costs (with slippage) and after costs.

2.4 Exit methods tested

Eight position-management rules were applied to each naked strike (three to the hedged spread). Exhibit 2 defines them. Trailing stops close a position and do not re-enter. Profit locks may re-enter the same strike while the strategy position remains open, after which the lock restarts on the new trade.

Exhibit 3: Position-management rules

Method	Definition
Plain	Hold until the strategy's close signal or weekly expiry; no additional rule.
Wide trail 15 / 100 / SL 100%	Arms once the premium is 15% below the sale price; buys back on a 100-point rebound from the lowest premium since entry. Independent stop: buy back if the premium doubles.
Trail 30 / 100 / SL 50%	Arms after a 30% fall; buys back on a 100-point rebound from the low; independent stop at 150% of the sale price.
Lock 20 / keep 60% / 15-min cool-off	Arms once open profit reaches 20 points; the stop then trails so that at least 60% of the peak open profit is retained. After a lock exit, if the premium is still below the buy-back price 15 minutes later, the same strike is sold again.
Lock 30 / keep 60% / 15-min cool-off	As above, arming at 30 points of profit.
Lock 30 / keep 60% / re-sell -10	Lock as above; re-sell when the premium falls 10 points below the lock-exit price.
Lock 30 / keep 60% / Nifty +20	Lock as above; re-sell when Nifty moves 20 points beyond its level at the lock exit in the trade's favour.
Lock 20 / keep 50% / Nifty +20	Arms at 20 points, retains 50% of peak profit; re-entry as above.

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

2.5 Evaluation metrics

- **Profit after costs** over the full sample, per lot.
- **Accuracy**: share of trades profitable before costs; every re-entry counts as a separate trade. With zero brokerage the share after costs is only 0.0-0.3 percentage points lower.
- **Maximum drawdown** of the closed-trade equity curve, **worst calendar month**, number of losing months and the longest run of losing trades.
- **Stability**: number of calendar years in which a configuration beat the same strike held plain, and profitability in each calendar year.

2.6 Scale of testing

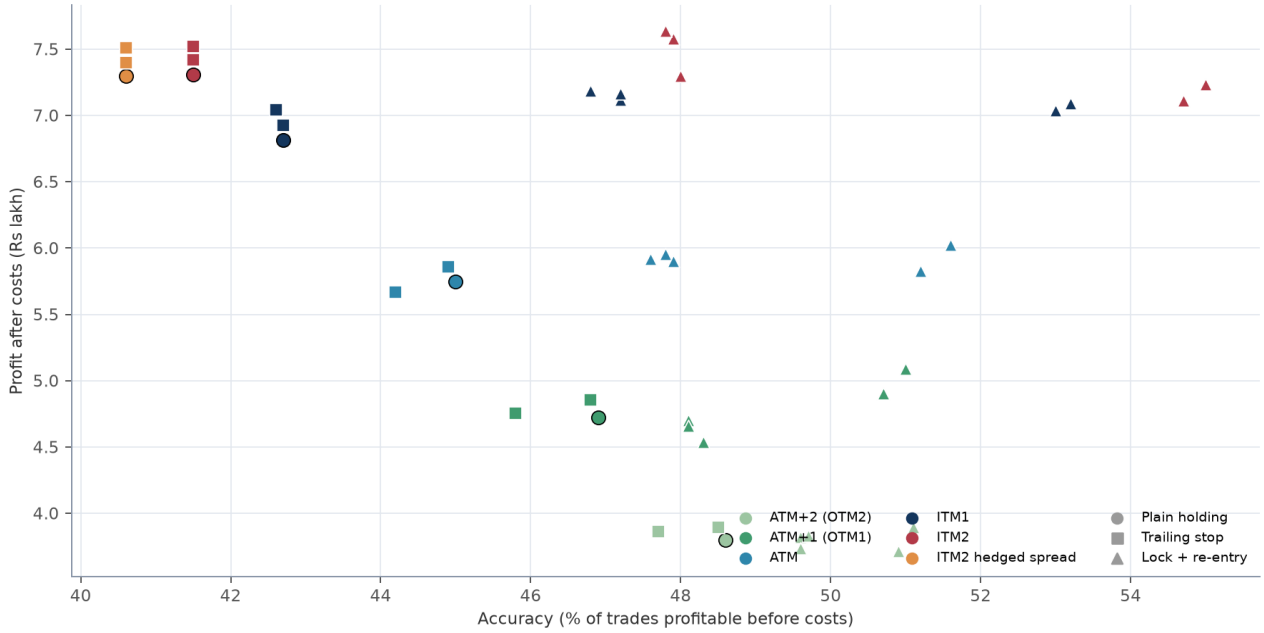
The configurations reported here were selected from more than 30,000 backtest variants run across the wider research programme, covering signal timeframes, closing modes and strengths, fifteen strike-selection rules, hedged spreads, over 10,000 trailing-stop parameter sets, about 1,900 profit-lock and re-entry parameter sets, entry filters, and slippage stress tests from 1 to 5 ticks.

3. Results

3.1 Overview of all combinations

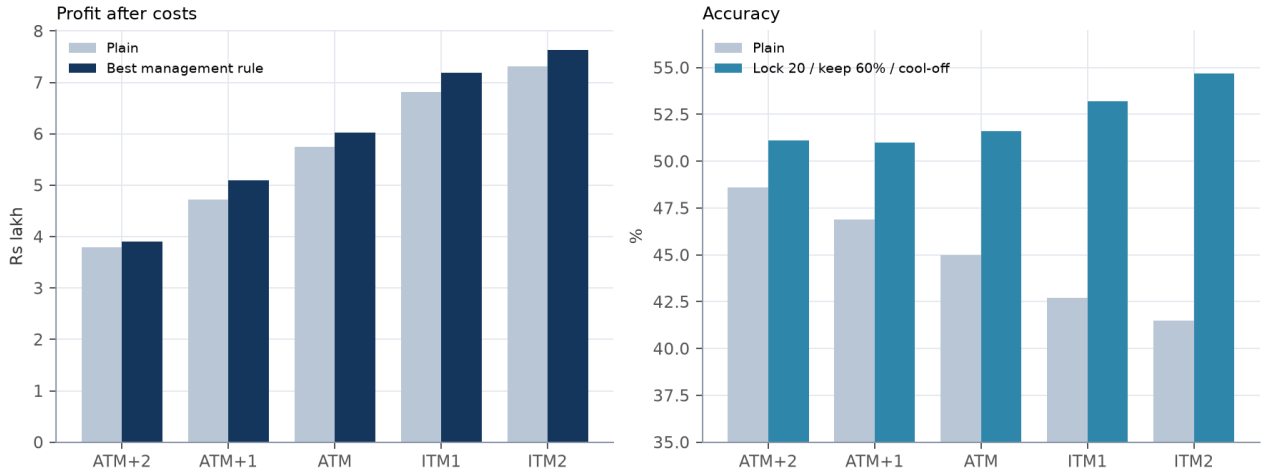
Exhibit 3 places all 43 combinations by accuracy and profit. Strike choice moves results mainly along the vertical axis; profit locks move them to the right by raising accuracy; trailing stops move them up slightly. Exhibit 5 lists every combination that beat the same strike held plain, ranked by profit after costs. Each of these was profitable in all six calendar years.

Exhibit 4: Accuracy vs profit after costs, all 43 strike / management combinations



Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Exhibit 5: By strike: plain vs best management rule (profit) and plain vs lock 20 / 60% / cool-off (accuracy)



Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Exhibit 6: Combinations that outperformed plain holding, ranked by profit after costs (Rs, 1 lot)

#	Strike	Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Years > plain
1	ITM2	**Lock 30 / keep 60% / 15-min cool-off** *Highest profit overall*	3,437	47.8%	8,20,112	**7,63,629**	+32,978	-36,809	-19,375	3/6
2	ITM2	**Trail 30/100/SL50**	2,879	41.5%	8,00,614	**7,51,964**	+21,313	-40,081	-20,502	5/6
3	ITM2 hedged spread	**Trail 30/100/SL50** *High profit, defined risk*	2,878	40.6%	8,03,447	**7,51,132**	+21,557	-38,169	-19,055	6/6
4	ITM1	**Lock 30 / keep 60% / 15-min cool-off** *Highest ITM1 profit*	3,242	46.8%	7,61,741	**7,18,389**	+37,196	-34,299	-15,250	3/6
5	ITM1	**Lock 30 / keep 60% / re-sell -10** *High profit, lower DD*	3,254	47.2%	7,60,304	**7,16,703**	+35,510	-31,621	-17,556	3/6
6	ITM1	**Lock 30 / keep 60% / Nifty +20**	3,227	47.2%	7,54,822	**7,11,579**	+30,386	-34,969	-14,378	4/6
7	ITM1	**Lock 20 / keep 60% / 15-min cool-off** *Best all-rounder*	3,730	53.2%	7,58,185	**7,09,243**	+28,050	-28,804	-9,162	3/6
8	ITM1	**Trail 30/100/SL50** *Simplest add-on, beats plain every year*	2,876	42.6%	7,43,090	**7,04,372**	+23,179	-33,142	-15,024	6/6
9	ITM1	**Lock 20 / keep 50% / Nifty +20** *High accuracy*	3,416	53.0%	7,49,487	**7,03,910**	+22,717	-30,776	-13,269	4/6
10	ITM1	**Wide trail 15/100/SL100** *Simplest, gentlest*	2,879	42.7%	7,31,292	**6,92,494**	+11,301	-33,108	-17,173	5/6
11	ATM	**Lock 20 / keep 60% / 15-min cool-off** *Best retail pick*	3,442	51.6%	6,39,103	**6,02,460**	+27,515	-25,762	-9,195	5/6
12	ATM	**Lock 30 / keep 60% / Nifty +20**	3,107	47.8%	6,28,759	**5,95,575**	+20,630	-32,158	-11,896	4/6
13	ATM	**Lock 30 / keep 60% / 15-min cool-off**	3,105	47.6%	6,25,004	**5,91,876**	+16,931	-32,058	-12,166	5/6
14	ATM	**Wide trail 15/100/SL100** *Retail, simplest*	2,878	44.9%	6,16,456	**5,86,047**	+11,102	-26,513	-12,445	5/6
15	ATM+1 (OTM1)	**Lock 20 / keep 60% / 15-min cool-off** *Best low-risk pick*	3,227	51.0%	5,36,704	**5,09,045**	+36,569	-23,967	-8,538	5/6
16	ATM+1 (OTM1)	**Lock 20 / keep 50% / Nifty +20**	3,116	50.7%	5,17,101	**4,90,484**	+18,008	-23,092	-10,241	3/6
17	ATM+1 (OTM1)	**Wide trail 15/100/SL100** *Low risk, simplest*	2,876	46.8%	5,09,282	**4,85,392**	+12,916	-22,325	-8,680	5/6
18	ATM+2 (OTM2)	**Wide trail 15/100/SL100** *Lowest risk, simplest*	2,879	48.5%	4,08,664	**3,89,712**	+9,757	-18,547	-7,440	5/6
19	ATM+2 (OTM2)	**Lock 20 / keep 60% / 15-min cool-off** *Lowest risk*	3,124	51.1%	4,11,099	**3,89,667**	+9,712	-20,442	-6,538	3/6

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Shaded rows: recommended configurations. Plain reference (after costs / accuracy / max DD): ATM+2 (OTM2) Rs 3,79,955 / 48.6% / -18,547; ATM+1 (OTM1) Rs 4,72,476 / 46.9% / -22,325; ATM Rs 5,74,945 / 45.0% / -26,795; ITM1 Rs 6,81,193 / 42.7% / -33,108; ITM2 Rs 7,30,651 / 41.5% / -40,741.

3.2 Results by strike

ATM+2 (OTM2)

Lowest premium (about Rs 63) and the smallest losses. The 20-point lock and the wide trail both add about Rs 10,000; the lock lifts accuracy above 50%.

Exhibit 7: ATM+2 (OTM2): all management rules (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Wide trail 15/100/SL100	2,879	48.5%	4,08,664	3,89,712	+9,757	-18,547	-7,440	14/62
Lock 20 / keep 60% / 15-min cool-off	3,124	51.1%	4,11,099	3,89,667	+9,712	-20,442	-6,538	14/62
Trail 30/100/SL50	2,868	47.7%	4,04,908	3,86,078	+6,123	-18,418	-9,026	13/62
Lock 30 / keep 60% / re-sell -10	2,961	49.7%	4,03,020	3,83,112	+3,157	-19,401	-7,012	16/62
Lock 30 / keep 60% / Nifty +20	2,967	49.6%	4,01,841	3,81,839	+1,884	-19,167	-7,161	15/62
Plain	2,879	48.6%	3,98,912	3,79,955	0	-18,547	-9,814	14/62
Lock 30 / keep 60% / 15-min cool-off	2,966	49.6%	3,93,742	3,73,772	-6,183	-20,090	-7,731	16/62
Lock 20 / keep 50% / Nifty +20	3,051	50.9%	3,92,510	3,71,620	-8,335	-20,656	-10,041	14/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

ATM+1 (OTM1)

Premium about Rs 80. The 20-point lock with cool-off adds about 8% to profit, lifts accuracy above 50% and keeps the worst month under Rs 9,000.

Exhibit 8: ATM+1 (OTM1): all management rules (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Lock 20 / keep 60% / 15-min cool-off	3,227	51.0%	5,36,704	5,09,045	+36,569	-23,967	-8,538	13/62
Lock 20 / keep 50% / Nifty +20	3,116	50.7%	5,17,101	4,90,484	+18,008	-23,092	-10,241	13/62
Wide trail 15/100/SL100	2,876	46.8%	5,09,282	4,85,392	+12,916	-22,325	-8,680	15/62
Trail 30/100/SL50	2,863	45.8%	4,98,943	4,75,224	+2,748	-21,281	-9,224	13/62
Plain	2,879	46.9%	4,96,416	4,72,476	0	-22,325	-9,759	15/62
Lock 30 / keep 60% / Nifty +20	3,022	48.1%	4,96,036	4,70,366	-2,110	-23,934	-8,626	15/62
Lock 30 / keep 60% / 15-min cool-off	3,016	48.1%	4,91,312	4,65,762	-6,714	-24,862	-8,849	15/62
Lock 30 / keep 60% / re-sell -10	3,025	48.3%	4,79,290	4,53,654	-18,822	-25,910	-10,759	15/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

ATM

Premium about Rs 102. The 20-point lock with cool-off gives the highest profit and accuracy and the smallest worst month for this strike.

Exhibit 9: ATM: all management rules (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Lock 20 / keep 60% / 15-min cool-off	3,442	51.6%	6,39,103	6,02,460	+27,515	-25,762	-9,195	10/62
Lock 30 / keep 60% / Nifty +20	3,107	47.8%	6,28,759	5,95,575	+20,630	-32,158	-11,896	11/62
Lock 30 / keep 60% / 15-min cool-off	3,105	47.6%	6,25,004	5,91,876	+16,931	-32,058	-12,166	11/62
Lock 30 / keep 60% / re-sell -10	3,113	47.9%	6,23,598	5,90,280	+15,335	-28,761	-11,902	11/62
Wide trail 15/100/SL100	2,878	44.9%	6,16,456	5,86,047	+11,102	-26,513	-12,445	14/62
Lock 20 / keep 50% / Nifty +20	3,245	51.2%	6,17,771	5,82,889	+7,944	-25,086	-13,460	11/62
Plain	2,879	45.0%	6,05,371	5,74,945	0	-26,795	-12,618	14/62
Trail 30/100/SL50	2,865	44.2%	5,97,142	5,66,934	-8,011	-26,510	-11,353	15/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

ITM1

Premium about Rs 130. Every management rule beats plain holding; the 20-point lock gives the best combination of accuracy and small losses.

Exhibit 10: ITM1: all management rules (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Lock 30 / keep 60% / 15-min cool-off	3,242	46.8%	7,61,741	7,18,389	+37,196	-34,299	-15,250	10/62
Lock 30 / keep 60% / re-sell -10	3,254	47.2%	7,60,304	7,16,703	+35,510	-31,621	-17,556	10/62
Lock 30 / keep 60% / Nifty +20	3,227	47.2%	7,54,822	7,11,579	+30,386	-34,969	-14,378	12/62
Lock 20 / keep 60% / 15-min cool-off	3,730	53.2%	7,58,185	7,09,243	+28,050	-28,804	-9,162	12/62
Trail 30/100/SL50	2,876	42.6%	7,43,090	7,04,372	+23,179	-33,142	-15,024	11/62
Lock 20 / keep 50% / Nifty +20	3,416	53.0%	7,49,487	7,03,910	+22,717	-30,776	-13,269	11/62
Wide trail 15/100/SL100	2,879	42.7%	7,31,292	6,92,494	+11,301	-33,108	-17,173	12/62
Plain	2,879	42.7%	7,19,997	6,81,193	0	-33,108	-16,701	12/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

ITM2

Premium about Rs 162. Highest profits and deepest drawdowns. The 30-point locks and the 30 / 100 / 50% trail work; the 20-point locks are too tight for this premium level.

Exhibit 11: ITM2: all management rules (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Lock 30 / keep 60% / 15-min cool-off	3,437	47.8%	8,20,112	7,63,629	+32,978	-36,809	-19,375	12/62
Lock 30 / keep 60% / re-sell -10	3,442	47.9%	8,14,484	7,57,781	+27,130	-40,473	-23,721	11/62
Trail 30/100/SL50	2,879	41.5%	8,00,614	7,51,964	+21,313	-40,081	-20,502	12/62
Wide trail 15/100/SL100	2,879	41.5%	7,90,646	7,41,988	+11,337	-40,081	-20,486	13/62
Plain	2,879	41.5%	7,79,316	7,30,651	0	-40,741	-20,486	13/62
Lock 30 / keep 60% / Nifty +20	3,368	48.0%	7,85,394	7,29,791	-860	-46,492	-18,838	13/62
Lock 20 / keep 50% / Nifty +20	3,593	55.0%	7,82,255	7,23,324	-7,327	-38,583	-18,277	12/62
Lock 20 / keep 60% / 15-min cool-off	4,003	54.7%	7,75,672	7,11,139	-19,512	-34,892	-11,996	13/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

ITM2 hedged spread

Defined risk and a much smaller exchange margin than a naked sale (to be confirmed with the broker), at the cost of four orders per trade. Profit locks were not tested on the spread.

Exhibit 12: ITM2 hedged spread (Rs, 1 lot)

Exit method	Trades	Acc.	Before costs	After costs	vs plain	Max DD	Worst month	Losing months
Trail 30/100/SL50	2,878	40.6%	8,03,447	7,51,132	+21,557	-38,169	-19,055	14/62
Wide trail 15/100/SL100	2,878	40.6%	7,91,933	7,39,613	+10,038	-38,546	-19,045	14/62
Plain	2,878	40.6%	7,81,904	7,29,575	0	-38,169	-19,045	14/62

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Bold rows outperform the same strike held plain.

3.3 Stability across years

The calendar-year exhibit shows profit for the recommended configurations and their plain references. Trailing stops tend to add a small amount in most years. Profit locks redistribute profit across years: they gain strongly in some years (notably 2022) and give back part of it in others, which is why they beat plain holding in only three to five of the six years despite higher totals.

Exhibit 14: Calendar-year profit, before costs / after costs (Rs, 1 lot)

Configuration	2021*	2022	2023	2024	2025	2026*
ITM1 Plain	70,652 **69,254**	1,34,938 **1,27,464**	67,362 **62,315**	68,668 **64,306**	1,90,459 **1,80,236**	1,87,918 **1,77,618**
ITM1 Lock 20 / keep 60% / 15-min cool-off	68,568 **66,814**	1,66,765 **1,57,622**	55,558 **49,659**	70,975 **65,244**	2,15,096 **2,02,133**	1,81,223 **1,67,770**
ITM1 Lock 30 / keep 60% / 15-min cool-off	69,285 **67,691**	1,76,252 **1,68,188**	74,532 **69,279**	74,141 **69,104**	1,82,884 **1,71,350**	1,84,646 **1,72,778**
ITM1 Lock 20 / keep 50% / Nifty +20	72,668 **71,083**	1,54,035 **1,45,454**	55,270 **49,760**	78,464 **73,145**	2,09,940 **1,97,913**	1,79,111 **1,66,555**
ITM1 Trail 30/100/SL50	71,118 **69,719**	1,39,880 **1,32,428**	71,188 **66,157**	79,194 **74,838**	1,90,995 **1,80,773**	1,90,716 **1,80,456**
ATM Plain	61,640 **60,580**	1,17,320 **1,11,398**	44,862 **41,276**	61,392 **57,912**	1,58,758 **1,50,801**	1,61,398 **1,52,978**
ATM Lock 20 / keep 60% / 15-min cool-off	63,290 **62,034**	1,41,560 **1,34,526**	49,040 **45,165**	55,074 **50,699**	1,65,384 **1,55,807**	1,64,756 **1,54,228**
ATM Wide trail 15/100/SL100	61,640 **60,580**	1,23,788 **1,17,869**	43,428 **39,850**	62,758 **59,278**	1,60,156 **1,52,200**	1,64,687 **1,56,270**
ATM+1 (OTM1) Plain	52,355 **51,555**	94,930 **90,246**	27,508 **24,976**	50,412 **47,632**	1,31,390 **1,25,149**	1,39,822 **1,32,920**
ATM+1 (OTM1) Lock 20 / keep 60% / 15-min cool-off	54,950 **54,040**	1,20,538 **1,15,195**	32,360 **29,759**	53,656 **50,360**	1,26,574 **1,19,449**	1,48,626 **1,40,242**
ATM+2 (OTM2) Plain	42,190 **41,584**	77,915 **74,205**	18,682 **16,896**	42,284 **40,061**	1,08,004 **1,03,062**	1,09,837 **1,04,148**
ATM+2 (OTM2) Wide trail 15/100/SL100	42,240 **41,634**	81,485 **77,778**	18,522 **16,735**	44,866 **42,645**	1,11,056 **1,06,116**	1,10,494 **1,04,805**
ITM2 Lock 30 / keep 60% / 15-min cool-off	74,572 **72,444**	1,83,058 **1,72,580**	82,210 **74,734**	85,450 **79,006**	1,90,988 **1,75,953**	2,03,834 **1,88,911**
ITM2 hedged spread Trail 30/100/SL50	74,860 **72,969**	1,49,018 **1,39,065**	75,548 **68,512**	80,964 **75,177**	2,14,883 **2,01,073**	2,08,176 **1,94,335**

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

* 2021 from 11 October; 2026 to 9 November.

3.4 Approaches that did not work

Exhibit 15: Approaches rejected (after costs unless noted)

Approach	Result (1 lot)	Mechanism
Lock at 20 pts, keep 50%, re-sell 5 pts lower (unlimited), ITM1	-Rs 28,000 vs plain	Each re-entry is at a worse price; whipsaws on range-bound days
Any profit lock without re-entry	-Rs 1.2 to 1.6 lakh	Removes the long overnight runs that generate the profit
Re-entry on a new Nifty extreme, a new premium low, after 30 minutes, or next session	Negative at nearly all settings	Re-entry is too late or follows overnight gaps
Fixed profit targets of 30% / 50% / 70%	-Rs 26,000 to -2.3 lakh	Caps winners
Daily profit target or daily loss limit	-Rs 7,000 to -2.6 lakh	Caps winners; stops trading before recoveries
Tight stop-loss (20-40% of premium)	-Rs 10,000 to -53,000	Closes trades that later recover
The script's own index-based trailing profit	-Rs 2,000 to -13,000	Trails the index, not the option
Skipping expiry-day entries	-Rs 2.1 lakh	Expiry-day trades are the most profitable group
Selling only calls or only puts	-Rs 2.3 lakh / -4.3 lakh	Both sides contribute
Deeper in-the-money (ITM3 and beyond)	+Rs 0.9 to 1.1 lakh	Worst month -Rs 24,000 and drawdown -Rs 46,000: risk rises faster than return

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

These results come from the wider research programme on data from 11 October 2021 to 28 October 2026 (profit-target and daily-limit results: data to 16 October 2026, before costs).

4. Discussion

4.1 Where the profit comes from

Profit in this programme is concentrated. On ITM1 held plain, the 465 positions carried overnight earned Rs 8,91,794, while the remaining same-day trades lost Rs 2,10,601 in aggregate. Accuracy is low (about 42%) because many trades are small losses that are cut quickly by the next signal; a minority of long, trending positions pays for them. Any rule that closes positions early and permanently, whether a profit target, a tight stop or a lock without re-entry, removes exactly those positions. This explains why all such rules reduced profit.

4.2 Why locks with re-entry work

A ratcheting lock converts a winning trade that later reverses into a smaller win instead of a loss, which raises accuracy. On its own it would also close the long winners. The cool-off re-entry repairs this: if the premium is still lower 15 minutes after the lock exit, the move has resumed and the position is re-opened, so the seller remains exposed to the trend. The 15-minute delay filters out most of the immediate reversals that make faster re-entry rules (re-selling a few points lower) unprofitable. The cost is a large increase in the number of orders and a less even distribution of returns across years.

4.3 Why wide trails are preferable to tight ones

Trailing stops fired on only a few dozen to a few hundred of roughly 2,880 trades. Their value is as insurance against a sold option that rises sharply, not as a profit-taking device. Wide settings (rebound of 100 points, stop at 50-100% above the sale price) remove the worst outcomes while leaving normal fluctuations alone; settings with stops of 20-40% or rebounds under 50 points closed too many trades that would have recovered.

4.4 Strike depth and risk

Profit after costs divided by maximum drawdown is 20.5 for ATM+2 (OTM2), 21.2 for ATM+1 (OTM1), 21.5 for ATM, 20.6 for ITM1, 17.9 for ITM2. From ATM+2 to ITM1 the ratio is nearly constant: deeper strikes simply scale both profit and risk. Beyond ITM1 the ratio deteriorates, and ITM3 and deeper strikes added risk faster than return. Strike choice is therefore primarily a position-sizing decision, and ATM or out-of-the-money strikes are a reasonable choice for smaller accounts.

5. Recommendations

5.1 Configuration profiles

Profile A: ITM1 with 20-point lock, keep 60%, 15-minute cool-off (balanced)

Trade behaviour. ITM1 is sold on the signal. Once 20 points are in profit the lock trails to retain at least 60% of the peak. After a lock exit the same strike is re-sold if the premium is still lower 15 minutes later, so long trends are retained.

Profit after costs	Rs 7,09,243 (+28,050 vs plain)	Accuracy	53.2% (plain 42.7%)
Trades	3,730	Avg win / avg loss	1,386 / -1,170
Max drawdown	-28,804	Worst trade / month	-10,763 / -9,162
Losing months	12 of 62	Longest losing streak	12 trades

Suitable when. The objective is a higher share of winning trades and smaller bad months without sacrificing profit.

Considerations. About 840 additional trades (around 1,700 orders) over five years; requires automation or close monitoring. Beat plain holding in 3 of 6 years.

Profile B: ITM1 with 30-point lock, keep 60%, 15-minute cool-off (maximum ITM1 profit)

Trade behaviour. As Profile A, with the lock arming only after 30 points of profit, so fewer trades are affected.

Profit after costs	Rs 7,18,389 (+37,196 vs plain)	Accuracy	46.8% (plain 42.7%)
Trades	3,242	Avg win / avg loss	1,785 / -1,150
Max drawdown	-34,299	Worst trade / month	-10,763 / -15,250
Losing months	10 of 62	Longest losing streak	13 trades

Suitable when. Absolute profit matters more than accuracy.

Considerations. Most of the advantage arose in 2022; drawdown slightly above plain. On ITM2 the same rule produced the highest profit in the study.

Profile C: ITM1 with trail 30% / 100 points / stop 50% (simplest rule)

Trade behaviour. A stop sits at 150% of the sale price; after a 30% fall a trailing buy-back follows 100 points above the lowest premium.

Profit after costs	Rs 7,04,372 (+23,179 vs plain)	Accuracy	42.6% (plain 42.7%)
Trades	2,876	Avg win / avg loss	2,106 / -1,128
Max drawdown	-33,142	Worst trade / month	-12,694 / -15,024
Losing months	11 of 62	Longest losing streak	13 trades

Suitable when. A single rule that any trading platform supports is preferred. Beat plain holding in all six years.

Considerations. Does not raise accuracy; it trims the worst losses only.

Profile D: ATM with 20-point lock, keep 60%, 15-minute cool-off (retail ATM)

Trade behaviour. The ATM option is sold with the same lock and cool-off re-entry as Profile A.

Profit after costs	Rs 6,02,460 (+27,515 vs plain)	Accuracy	51.6% (plain 45.0%)
Trades	3,442	Avg win / avg loss	1,277 / -992
Max drawdown	-25,762	Worst trade / month	-9,870 / -9,195
Losing months	10 of 62	Longest losing streak	11 trades

Suitable when. The trader prefers ATM strikes; highest ATM profit and accuracy, smallest ATM worst month.

Considerations. Additional orders as in Profile A; use limit orders on re-entries.

Profile E: ATM+1 with 20-point lock, keep 60%, 15-minute cool-off (low risk)

Trade behaviour. One strike out-of-the-money is sold with the same lock and re-entry.

Profit after costs	Rs 5,09,045 (+36,569 vs plain)	Accuracy	51.0% (plain 46.9%)
Trades	3,227	Avg win / avg loss	1,098 / -816
Max drawdown	-23,967	Worst trade / month	-8,876 / -8,538
Losing months	13 of 62	Longest losing streak	10 trades

Suitable when. Capital preservation is the priority: drawdown about Rs 24,000 and worst month under Rs 9,000.

Considerations. Lower profit per rupee of margin than in-the-money strikes.

Profile F: ATM+2 with wide trail 15% / 100 points / stop 100% (lowest risk)

Trade behaviour. Two strikes out-of-the-money are sold; buy back if the premium doubles, or on a 100-point rebound after a 15% fall.

Profit after costs	Rs 3,89,712 (+9,757 vs plain)	Accuracy	48.5% (plain 48.6%)
Trades	2,879	Avg win / avg loss	983 / -653
Max drawdown	-18,547	Worst trade / month	-7,941 / -7,440
Losing months	14 of 62	Longest losing streak	10 trades

Suitable when. Smallest accounts or the most cautious approach; maximum drawdown about Rs 18,500.

Considerations. About 45% less profit than ITM1.

5.2 Selection guide

Exhibit 16: Configuration selection guide

Situation	Configuration
Best balance of profit, accuracy and small losses	Profile A
Maximum profit, tolerant of larger swings	Profile B, or ITM2 with the same lock
One simple rule on any platform	Profile C
Prefers ATM strikes	Profile D (or the wide trail without monitoring)
Low risk	Profile E
Lowest risk, smallest account	Profile F
Limited margin, reliable two-leg execution	ITM2 hedged spread with trail 30 / 100 / 50%

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

5.3 Operating rules

- Take every signal, including expiry-day entries, and hold overnight when the strategy says so.
- Do not add fixed profit targets or tight stop-losses on top of the chosen rule.
- Hold capital of at least 1.5 times the historical maximum drawdown in addition to margin.
- Use limit orders: each additional tick of slippage costs about Rs 15,000 per lot over five years on a naked sale, and more with profit locks.

6. Limitations

- Results are historical simulations on one-minute closing prices with modelled fills; real fills, especially for lock exits and re-entries, may differ.
- Liquidity on expiry day, changes in broker margin rules, taxes on profits and future changes in market structure (lot sizes, expiry days, trading hours) are not modelled.
- Margin requirements are estimates; the hedged spread's margin benefit should be confirmed with the broker.
- Gains from management rules are modest relative to total profit and are uneven across years; profit-lock rules in particular depend on market regime.
- All configurations share the same signal events; conclusions apply to managing directional option-selling positions of this type.

7. Disclaimer

This report is published for education and research only. It is not investment advice, a solicitation, or a recommendation to buy or sell any security. Option selling can result in losses exceeding the premium received. Past performance, simulated or actual, does not guarantee future results. Readers should consult a SEBI-registered investment adviser before trading.

Appendix A. Glossary

Exhibit 17: Glossary

Term	Meaning
ATM / ITM / OTM	At-the-money (strike nearest to Nifty), in-the-money, out-of-the-money. ATM+1 / ATM+2 are one / two strikes OTM; ITM1 / ITM2 are one / two strikes ITM.
Premium	Price of the option. A seller receives it at entry and pays it at exit.
Point	One rupee of option premium (or one index point for Nifty levels).
Accuracy	Share of trades profitable before costs.
Maximum drawdown	Largest fall of cumulative profit from a previous peak.
Trail / trailing stop	Exit rule that follows the premium's lowest level and buys back on a rebound of a set size.
Profit lock	Exit rule that retains a set share of the peak open profit once a profit threshold is reached.
Re-entry / cool-off	Selling the same strike again after a lock exit when a condition is met; a cool-off waits a fixed time first.
Plain	Holding a position until the strategy's close signal or expiry with no additional rule.
Tick / slippage	Minimum price step (Rs 0.05); the assumed adverse fill on each order.
STT	Securities transaction tax, charged on option sell premium.

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

Appendix B. Statutory charges applied

Exhibit 18: Statutory charges by effective date

Charge	Rate (index options)	Applied on
Securities transaction tax	0.0625% to Sep 2024; 0.10% from Oct 2024; 0.15% from Apr 2026	Sell premium
Exchange transaction charge	0.053% to Mar 2023; 0.05% to Sep 2024; 0.0355% from Oct 2024	Premium, both sides
SEBI turnover fee	Rs 10 per crore (0.0001%)	Premium, both sides
Stamp duty	0.003%	Buy premium
GST	18%	Exchange charge + SEBI fee (+ brokerage, zero here)
Brokerage	Zero	-

Source: Arko's Strategy Research. Backtest, weekly Nifty options, 11 Oct 2021 - 9 Nov 2026, 1 lot, statutory costs, zero brokerage. Accuracy = trades profitable before costs.

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