



POTHI

A Systematic NIFTY Intraday Options BUYING Strategy

Backtested Jan 2024 – May 2026 • Execution-realistic costs • Production-deployed July 2026

Long options only — risk on any trade is strictly limited to the small premium deployed. No short options, no unlimited-loss positions, no margin calls.



From a Trader's Notebook to a Trading Machine



Every rule in production today exists because data proved it — and several "good ideas" were removed because data disproved them.



How POTHl Trades

1

Classify the day at 9:15

Every morning is measured against the previous close. Calm days trade; extreme gap days are skipped entirely — the strategy knows when to stay out.

2

Buy strength / weakness at proven levels

On 15-minute signals, POTHl buys NIFTY call or put options when price decisively breaks the previous day's high, low or close — ten codified setups, nothing discretionary.

3

Cut losses fast, let winners run

Every trade carries a hard stop (maximum 60 index points, no exceptions). Winners convert to a trailing stop that follows the trend until it bends.

4

Go home flat

Maximum 3 trades a day, an automatic halt after 2 stop-outs, and compulsory square-off by 15:25. No overnight positions — ever.



Entry Logic — Where POTHl Buys

Every entry is a BUY of a NIFTY call (CE) or put (PE), triggered only by 15-minute closing prices through the previous day's proven levels. The day's opening gap decides which playbook applies.

Day type (by opening gap)	Setup	Buys	Entry trigger — 15-min close...
FLAT (gap < 0.56%)	PDH breakout	CE	...above the previous day's HIGH
	PDC bounce	CE	...holds and reclaims the previous CLOSE after testing it
	PDC breakdown	PE	...below the previous CLOSE, after opening above it
	PDL breakdown	PE	...below the previous day's LOW — twice in a row (double confirmation)
DOJI (indecisive prev. day)	Band breakout	CE	...above the doji day's upper band
	Band breakdown	PE	...below the doji day's lower band
GAP UP (0.56–0.79%)	Range breakout	CE	...above the first-75-minute high
	Failed gap	PE	...below the opening candle's low, before 10:30
GAP DOWN (0.56–0.79%)	Failed bounce	PE	...a 60–90 pt relief rally stalls under the opening range
EXPIRY DAY	Morning-half break	CE / PE	...through the previous day's morning-session extremes

Standing filters on every entry: no trades when the gap exceeds 0.79% (extreme days are skipped) • no entry after a 200-point one-way move (never chase exhaustion) • no new entries after 15:00 • maximum 3 trades a day • automatic halt after 2 stop-outs.



Exit Logic — How Every Trade Ends

1 Hard initial stop

Placed at the structural level that invalidates the trade — never wider than 60 NIFTY points (30 by default). Applied at entry, in code, without exception.

2 Dynamic target

Measured from the day's own structure (minimum 80 points). The target is not the exit — it is the tripwire that arms the trail.

3 Trailing stop — the profit engine

Once the target is touched, a trail follows 18 points behind the best price. Trends are ridden to their end; the biggest winners come from here.

4 Reversal exit

Before the target, a specific two-candle reversal pattern closing back through the entry candle exits early — conviction gone, trade gone.

5 Level ratchet

As price closes through the previous day's close / low / high, the stop ratchets to that level — open profit is progressively locked.

6 Time and day limits

No new entries after 15:00; everything squared off by 15:25; two stop-outs end the day. The book goes home empty — every single day.

Losses are ended by rule 1. Profits are ended only by rules 3–6 — never by impatience.



Why These Numbers Can Be Trusted



Out-of-sample proof

The core rules were validated on 18 months of data the strategy had never seen — and stayed profitable. Curve-fit strategies fail this test; POTHl passed it.



Real option prices

P&L is computed on actual traded option premiums (14.2 million records) — not theoretical models. A 4-month window with unreliable option data was excluded, not approximated.



Real-world costs

Every trade is charged the full Zerodha cost stack — brokerage, STT, exchange charges, GST, stamp duty — PLUS a ₹1-per-side limit-order buffer, because exchanges fill limit orders, not wishes.



Rejected ideas on record

Changes that improved paper profits but weakened robustness were rejected and documented — including three separate "improvements" the data disproved.

29 months • 530 trades • every rupee of cost included



The Verified Record (Jan 2024 – May 2026)

+₹20,56,996

Net profit after ALL costs, at base size (~750 qty / 10–15 lots)

1.83

Profit factor — ₹1.83 earned per ₹1 lost

18.1×

Net profit ÷ worst drawdown

530

Trades over 29 months

–₹1,13,650

Worst peak-to-trough drawdown at base size

₹3,881

Average profit per trade, net of costs

≈ ₹71,000

Average monthly profit at base size

0

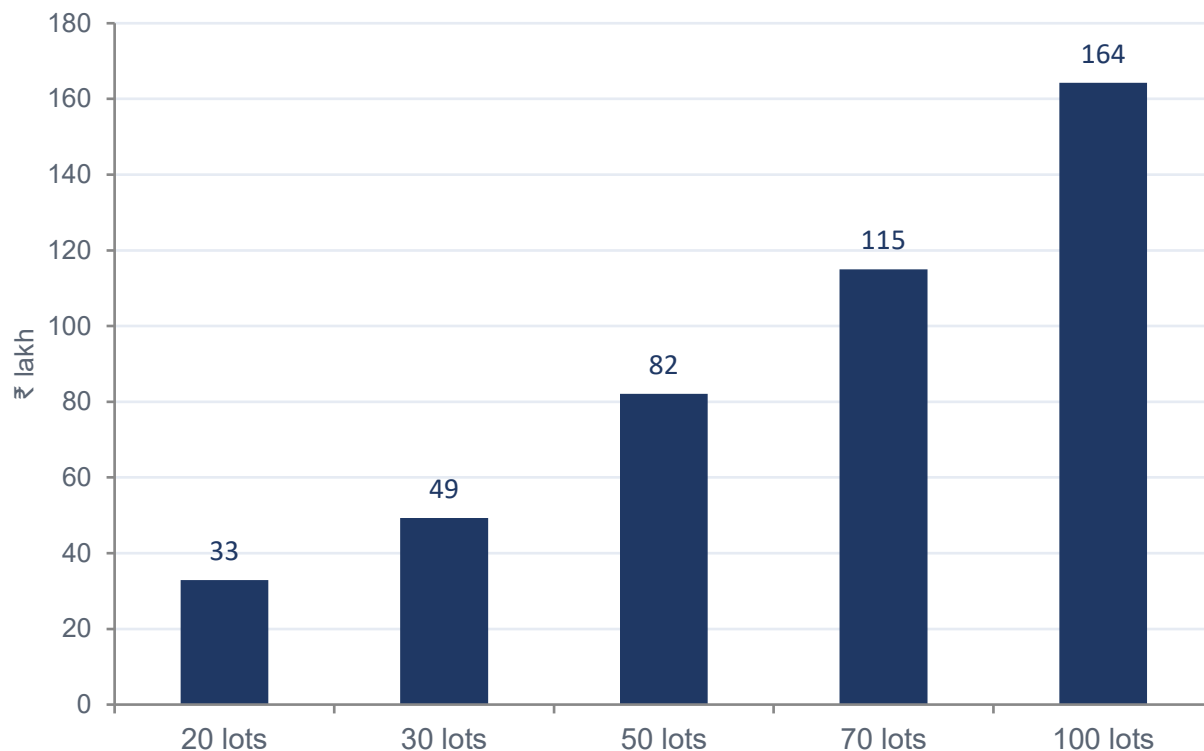
Overnight positions held

A note on the 34% win rate: POTH1 wins about one trade in three — by design. Losses are cut small and fast; winners run multiples larger. The profit factor of 1.83 is the number that matters: this is how asymmetric, trend-capturing systems look.



The Strategy Scales — With a Capital Rule

Net profit by position size (29 months, all costs)



Capital required per size (the 4–5× drawdown rule)

20 lots	Worst DD –₹1.65L	₹8–10 lakh
30 lots	Worst DD –₹2.48L	₹12 lakh
50 lots	Worst DD –₹4.13L	₹20 lakh
100 lots	Worst DD –₹8.26L	₹40–50 lakh

Profit factor and risk-ratio are identical at every size — what changes is the rupee drawdown your capital must absorb. Beyond ~100 lots, market liquidity becomes the ceiling: this is a strategy for crores, not hundreds of crores.



Deployment Options by Capital

Position size follows the capital rule automatically — every tier is capitalised at 4–5× its worst historical drawdown. Average investment per trade is the option premium deployed (option buying requires no margin beyond premium).

Capital	Lots	Avg invest / trade	Backtested net (29 mo)	≈ Monthly	≈ Return p.a.	Worst day	Max drawdown
₹1,00,000	2	₹12,852	+₹3,28,527	₹11,329	≈136%	–₹5,548	–₹16,513 (17%)
₹2,00,000	5	₹32,130	+₹8,21,318	₹28,321	≈170%	–₹13,871	–₹41,284 (21%)
₹3,00,000	8	₹51,407	+₹13,14,108	₹45,314	≈181%	–₹22,194	–₹66,054 (22%)
₹4,00,000	10	₹64,259	+₹16,42,636	₹56,643	≈170%	–₹27,742	–₹82,567 (21%)
₹5,00,000	13	₹83,537	+₹21,35,426	₹73,635	≈177%	–₹36,065	–₹1,07,337 (21%)
₹6,00,000	15	₹96,388	+₹24,63,953	₹84,964	≈170%	–₹41,613	–₹1,23,851 (21%)

Built-in capital protection: at every tier, the average investment per trade is only ~13–16% of total capital — roughly ₹96,000 of a ₹6 lakh account — so ~85% of your capital is never in the market at any moment. Combined with the hard stop on every position, no single trade can meaningfully dent the account. ₹6 lakh / 15 lots (highlighted) is Vision 9's recommended configuration. Returns p.a. are simple annualised backtest figures, before fees and taxes; at ₹1 lakh, fixed brokerage weighs proportionally more (treat net as ≈₹20,000 lower).



Indicative Deployment: ₹6 Lakh at 15 Lots

Vision 9's initial live deployment configuration — sized so the worst historical drawdown consumes only ~21% of capital.

Backtested experience

≈ ₹85,000 / month

≈ ₹10.2 lakh / year on ₹6 lakh deployed — the 29-month backtest average at this size, net of all costs.

Conservative planning basis

≈ ₹42,000 / month

Half the backtested rate — the prudent number to plan around, allowing for live-market friction and leaner regimes.

What you must be ready for

–₹1.24 lakh drawdown

The worst historical losing stretch at this size (~21% of capital), with single days as deep as –₹42,000. Losing streaks are normal and expected.

Important: these are backtested figures, not forecasts or assurances. Past performance — simulated or real — does not guarantee future results. Options trading involves substantial risk of loss. Returns are stated before Vision 9 advisory fees and taxes.



Risk Is Managed by Machine, Not Mood

1 Hard stop on every trade

No position can lose more than 60 NIFTY points — enforced in code, applied at entry, no exceptions and no averaging down.

2 Daily circuit breaker

Two stop-outs in a day and the system stands down until tomorrow. Maximum three trades per day.

3 Zero overnight exposure

All positions are squared off by 15:25. Overnight gaps, global shocks and weekend risk simply do not apply.

4 Extreme days are skipped

Mornings that open beyond the volatility band are NO-TRADE days — the system's first decision each day is whether to play at all.

5 Capital sizing law

Deployment is fixed-size, capitalised at 4–5× the worst historical drawdown — the account is built to outlast losing streaks, not to gamble through them.

6 Weekly live-vs-backtest audit

Every live trade is journalled and compared weekly against what the validated model expected — divergence is investigated, not ignored.



Live Deployment: Careful by Design

DONE

Infrastructure live

Automated trading server (AWS) with hands-free daily login, encrypted credentials, order pipeline tested end-to-end against Zerodha — the same production stack running Vision 9's existing live strategy since June.

NOW

Observation phase

The system trades on paper first: every signal logged and verified against the validated model, with zero capital at risk.

NEXT

Small-size verification

One lot live for two weeks to confirm real fills match modelled costs — the last assumption tested with the smallest possible stake.

THEN

Full deployment

Scale to the 15-lot production size, with weekly performance audits and pre-agreed drawdown limits standing guard.

No step is taken until the previous one has proven itself. This is how systems earn the right to size.



Strategy Today, Wealth Tomorrow

VISION 9 STRATEGIES

Investments | Strategy

Important Disclosures

All performance figures are derived from a historical simulation (backtest) over January 2024 – May 2026 using actual NIFTY index and option prices, inclusive of brokerage, statutory charges and estimated execution costs. Backtested performance has inherent limitations and does not represent actual trading in client accounts; it does not guarantee, and may differ materially from, future results. Trading in derivatives involves substantial risk of loss, including loss exceeding the drawdowns shown, and is suitable only for investors who understand and can bear such risk. Figures are before advisory fees and taxes. This document is private, confidential and for the intended recipient only; it is not an offer or solicitation. Please read all risk disclosure documents before investing.