

Prashant Jain endured eight years of pain. That was the point

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Maxim: *If there's no pain, valuations won't be attractive.* — Prashant Jain

Cheap prices and comfortable feelings almost never arrive together. Investors who want bargains have to accept the discomfort that creates them.

Bargains do not come with good news attached. They come with pain, and the pain is the reason they are bargains.

Few Indian fund managers have tested that idea as publicly as Prashant Jain. In March 2016, when he was chief investment officer of HDFC Mutual Fund and ran some of the largest equity funds in the country, he told Outlook Business's N. Mahalakshmi why he kept buying what others avoided.

"Valuations are attractive only when there is pain," he said. "If there is no pain, why should valuations be attractive from a long-term perspective?" [The interview](#) found his flagship HDFC Equity Fund roughly level with its index over the previous five years and behind its category average.

He had been here before. In 1999, he recalled, his fund had trailed competitors by 60% after he sold Infosys, which then doubled. When technology stocks crashed, the fund recovered. In 2007 he stayed away from infrastructure and real estate during their boom, lagged again, and recovered again when that boom ended.

The longest test

The biggest test came with India's public-sector banks. By December 2014, his three key funds held 18–22% in state-owned banks and financials, against under 5% for the Nifty, while holding far less than the index in private banks. Over the following years his portfolios also leaned on other state-owned companies, from Coal India and NTPC to BPCL and ONGC. Some of the weaker banks he held, he eventually sold in 2019. Critics called his choices value traps and said he was doubling down without evidence that the cycle would turn. Even Value Research's Dharendra Kumar observed that his funds barely beat the index during a market that rewarded a narrow set of expensive growth stocks, as Outlook Business [recounted in 2021](#). The magazine summed up the period in a phrase: eight years of pain and uneven performance.

Then the cycle turned. In the year to June 2021, HDFC Flexi Cap Fund returned about 66%, against a category average of about 55%. HDFC Balanced Advantage Fund returned about 51%, nearly double its category, after Jain had pushed its equity exposure to 85% following the March 2020 crash. Over twenty years, his main funds had compounded at roughly 21–22% a year. "The market went against us but we believed in the businesses that we had bought into," he said. And, more revealingly: "I dread to think what may have happened if I had given into sentiment last year."

The turnaround came late in his tenure. He left HDFC in July 2022 after 19 years, having overseen more than ₹4 lakh crore, [Business Standard reported](#), with some of his funds still behind their benchmarks over three and five years. Pain, it turns out, is easier to describe than to sit through, even for the person who described it best.

Why the pain is the point

The logic behind Jain's line is simple. A share price reflects what investors collectively feel about a business. When everyone is comfortable, prices already include the good news, and there is little left to gain. When a sector is hated, prices include fear, and if the business survives and recovers, the fear itself becomes the source of the return. You cannot have the low price without the bad mood.

That also means the pain is real, not a misunderstanding. Some cheap things are cheap because they are broken, and Jain sold some of his weaker bank holdings for that reason. The skill lies in telling temporary pain from permanent damage: a bank with bad loans but enough capital to survive is different from one whose losses will wipe out its shareholders.

Where the pain is in 2026

There is no shortage of discomfort in Indian markets this year. By late May 2026 the Nifty was heading for its first calendar-year loss since 2015 in a Reuters poll, and the Indian IT index was down more than a third from its December 2024 level, [Invezz reported](#). Whether any of it amounts to opportunity depends on the businesses involved, and this article makes no call on them. But the maxim offers a useful reversal of instinct. The parts of the market that feel worst today are the places worth studying most carefully, not the ones to dismiss first.

For most investors, the practical way to live by this maxim is not to make concentrated contrarian bets. It is to keep investing steadily, through SIPs and rebalancing, when prices are falling and headlines are grim. That is when each rupee buys the most.

If you do one thing: When a part of your portfolio is hurting, write down whether the pain comes from price or from the business itself. If profits, balance sheets and competitive positions are intact, the falling price may be the opportunity Jain described. If the business is genuinely damaged, sell without waiting for the price to recover.

Jain's bets made the most money for those who held on through the years when holding felt foolish, and he paid a personal price for that patience. His sentence is still the best summary of why: no pain, no bargains. The only question each investor must answer is how much pain they can sit through, and whether they have checked that it is the right kind.

Sources

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