

Business Standard

Lot of Indian-origin AI, deep-tech talent is moving abroad: Padmaja Ruparel

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Padmaja Ruparel, cofounder of India Angel Network (IAN)

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8 min read Last Updated : Aug 03 2025 | 11:24 PM IST



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India Angel Network (IAN), one of India's earliest angel investors, is completing two decades of supporting more than 225 startups. **Padmaja Ruparel**, cofounder of IAN, in a telephonic interview with *Udisha Srivastav* spoke about the company's progress and India's opportunities and challenges in technology. Edited excerpts:

It has been almost two decades for IAN. How has been the journey?

We introduced the concept of angel investing and built the country's largest horizontal, single platform for seed and early-stage investing. We have leveraged our networks in India and overseas to create impactful, scalable, and valuable companies. In the past 19 years, we have seen interesting solutions while investing in software products, biotech, agriculture, space, drone, and manufacturing technologies. Now, we are exploring semiconductors and quantum.

How do you see IAN investments evolving in deep technology (deep tech) and artificial intelligence (AI)?

Deep tech and AI are extremely significant to us: these are emerging sectors with tremendous potential. It's also critical to invest in them because they're far more value-driven. I'd say we've become something of a hotbed for deep-tech investment. We're well-positioned to support such companies. In the current fund, deep-tech and AI comprise about 50-60 per cent of our portfolio.

Compared to the US and China, investments in AI startups in India are minimal. Are startups moving to the US because of that?

Yes, they are. Founders go where they can find talent and financial resources, and a conducive environment. We have to get our act together. A lot of Indian-origin AI and deep-tech talent is moving to the US and Middle East countries, like Dubai. But are we not doing anything? We are, but we do have the potential to do much more.

That said, I think it's an unfair comparison. China is building its AI capabilities through government funding. The US has been entrepreneurial in technology innovation since the 20th century. The Indian government has started opening up — our approach is more of a public-private partnership, which I think is healthy.

In the current fund, we are looking at 'application of AI' [concept] because the building of a foundational AI is happening much faster and better in the US. What we can leverage is our strength, which is a large and diverse customer base across sectors and economic markets. To my mind, the value will come from the application of AI rather than foundational AI.

Is this why India has failed to capture the global AI narrative?

I have said my reasons. We need to do much more. Ours is a bottom-up ecosystem, unlike China's top-down model. Rather than asking why we didn't do something, we need to understand the structure of our ecosystem. Building AI and deep tech takes time. I think we are moving there, but can we do it faster? Yes. Can we improve the ecosystem environment, doing business, regulations, funding, etc.? Yes. We also have to learn some things from the US and China, but also recognise we can't do a copy-paste. We have very different economies, cultures, and ecosystems.

Do you think India can produce a global AI leader in the next decade?

Absolutely; the fastest-growing companies are in India. It's happening on the ground, as we speak.

How have startups evolved over the years?

Over the years, the quality of our entrepreneurs has been improving consistently, and today we are seeing global quality entrepreneurs, similar to those in the US, for example. A lot of our good talent has moved overseas, but I think today we are seeing founders who are Indian and want to build in the country. For us, that makes all the difference, because it is really that founder who can make it happen.

Domestic venture capital is said to be sitting on dry powder and international investments seem limited to sectors like quick commerce. What's your view?

I don't think domestic investment or capital is sparse, but in certain sectors it does lack money, such as biotech. Once a company gets investment at an early stage, it then needs growth capital, but India does not have biotech growth capital. Then those firms have to look overseas, and I think that is a problem we need to solve. Otherwise, our intellectual properties (IP) in this critical sector will move out of India.

Foreign investors are looking at the Indian tech space, say in med-tech or stem cell research, which are difficult. I think foreign direct investment is coming, but can we become the basket where the money comes 100 per cent? I think we are an economy where we should be able to attract money, but we need to sort out a few things for ourselves.

What's the progress on the IAN Alpha Fund? Are you also planning to launch a new fund?

It's a Rs 1,000 crore, Sebi-registered CAT II fund. We have begun deploying capital and have invested in 17 companies so far, such as Dhruva Space, Serigen, and FluxGen. We are also looking at drones and are closing a semiconductor company. Our average ticket size is about Rs 15-16 crore. In total, we want to invest in 27-28 companies. Once these companies grow and if they perform well, we will also do top-ups in some of them.

We are an institution, so we will raise another fund. But first, we have to make sure that we have done what we need to for our current investors. I think in the next two years we can launch a new fund.

How many exits have you had? What is the average internal rate of return (IRR) of exits?

We are very clear that every year we will give exits from our Angel Fund and Fund I. In the Alpha fund, we are still investing, so we do not have exits. We have had some very healthy exits in the past; some companies have given investors 15x, 39x, 50x returns, and even higher. It is a good IRR, I must say, but that is not something we announce in the media.

How is AI changing your investor toolkit?

We have applied AI everywhere. We check the numbers, analyse performance, short list deals, and research during diligence. We are also using AI to prepare meeting minutes, actions, and more. So, AI is quite rampant in our system. I even use it to read my emails, say, if there's a board meeting, and documents are quite heavy, so I run an AI, and then I get a synopsis in about five minutes or less.

Could you talk about BioAngels? What's the core objective of the partnership?

BioAngels is a partnership with BIRAC (Biotechnology Industry Research Assistance Council) under the Department of Biotechnology. After BIRAC offers grants or soft loans, we step in to unlock private capital for biotech, healthcare, and med-tech startups.

We have been reasonably successful. Many of these companies have secured IPs, expanded significantly, and even gone overseas for subsequent rounds.

The percentage of women in senior leadership roles in startups dropped to 18.3 per cent in 2024 from 18.7 per cent in 2023. How can we move the needle when it comes to women in AI?

We have to compare women's participation not from the perspective of the overall pot size today, but how it has grown over the years. Today, we are talking about women like Falguni Nayar, Vineeta Singh, and Upasana Taku who have not only built successful ventures but have become unicorns. Women entrepreneurs have grown from 13.76 per cent to 22 per cent over the last five years, an over 50 per cent rise. Also, women entrepreneurs don't mean only those who have raised VC money, as many businesses are not VC investable, they are debt investable, or have healthy profits to plough back into the company.

On the investor side, we need more women, but there is more to be done. There is an onus on women investors to grow the community; that's why we have a group of 500 women investors.

On AI, it is largely science and math-based. Indians, regardless of gender, are quite focused on science and math, and this is resulting in very high-quality entrepreneurs, both men and women. We have companies like BrainSightAI, which is led by two women who are leveraging that. Another STEM-focused company is Serigen, which has women. To my mind, AI is not completely a women's sector, but it's not completely a man's sector either. It's almost gender-neutral.

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