# Builder.ai enters insolvency amid financial revisions and leadership overhaul



UK-based tech startup Builder.ai has confirmed that it will enter insolvency proceedings, a significant setback for a company once celebrated as a unicorn in the realm of artificial intelligence and software development. The firm, backed by high-profile investors such as Microsoft and Qatar’s sovereign wealth fund, announced this decision through a statement to the Financial Times, indicating that its main unit, Engineer.ai Corporation, would appoint an administrator to manage its affairs. This move comes after a series of financial miscalculations and leadership changes that have destabilised the company.

Builder.ai gained prominence for its innovative AI-powered platform, which aimed to simplify the development of applications and websites through a modular, Lego-like system of reusable features. The startup claimed to minimise human involvement in software creation, thereby reducing both cost and time. However, recent developments have revealed a stark contrast to its ambitious claims. Following a staggering total of over $450 million raised in funding, escalating financial scrutiny has led to a downward revision of revenue figures, raising questions about the company's previous financial practices.

Recent leadership turmoil has further complicated the situation. In March, founder Sachin Dev Duggal stepped down as CEO, although he retained a role on the board as "chief wizard." Manpreet Ratia, previously associated with Jungle Ventures, was appointed as the new CEO. Under Ratia's leadership, the startup has initiated significant restructuring, which included a workforce reduction of approximately 270 employees—about 35% of its total staff. This measure was seen as a necessary response to the company’s declining fortunes and a recognition of the need for operational change. Ratia has also committed to rectifying the firm's financial practices by bringing in auditors to review its financial records from the past two years.

Confusion in revenue reporting has played a crucial role in the company's downturn. Following a recalibration, Builder.ai announced a revised 2023 revenue figure of only $140 million, a dramatic drop from previous estimates. This adjustment was attributed to underperformance by Middle Eastern resellers, who failed to meet their revenue commitments. Ratia acknowledged the past management issues under Duggal's leadership, asserting that these compounded financial discrepancies had strained the company's overall position. The newly appointed CEO expressed optimistic intentions for the firm's recovery, focusing on restructuring as a pathway back to stability.

In the wake of these financial challenges, Builder.ai’s credibility has been further undermined by allegations from former employees about inflated sales figures. In response to these claims, the company has now engaged two of the "Big Four" auditing firms to conduct a thorough review of its finances, with the audit expected to conclude in the summer. Ratia remarked on the importance of ensuring the company’s “house is in order,” indicating a commitment to transparency moving forward.

While Builder.ai once offered hope for a new paradigm in app development through its technology, the combination of financial mismanagement, leadership upheaval, and workforce reductions has resulted in a critical juncture. As insolvency proceedings loom, the immediate focus for the company will be on supporting its employees, customers, and partners while navigating the complexities of this process. Whether Builder.ai can emerge from this tumultuous period remains uncertain, but its future will undoubtedly hinge on both the outcomes of the ongoing audit and the strategic choices made during this transition.

### Reference Map

1. Paragraphs 1, 3, 4, 5
2. Paragraph 2
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7. Paragraph 7

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://tech.eu/2025/05/20/ai-unicorn-builderai-confirms-insolvency-proceedings/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/9fdb4e2b-93ea-436d-92e5-fa76ee786caa> - Builder.ai, a UK-based tech startup backed by Microsoft and Qatar's sovereign wealth fund, has entered insolvency proceedings following financial mismanagement and leadership issues. The company, which once claimed it could simplify app and website development through AI, informed employees of the bankruptcy filing during a company-wide call. The main unit, Engineer.ai Corporation, will appoint an administrator. Problems surfaced when revenues were restated and financial issues linked to previous leadership emerged. Founder Sachin Dev Duggal had stepped down as CEO but retained his board position. His past was marred by legal controversies, including an Indian investigation where he claimed to be merely a witness.
3. <https://www.ft.com/content/f8882c90-ef69-4a62-aecf-9d3725aca6b3> - Sachin Dev Duggal, the founder of Builder.ai, a prominent UK tech startup supported by Microsoft and SoftBank, has stepped down as CEO but will remain on the board as 'chief wizard.' The company, which uses AI to develop apps and websites, has raised $450 million from top investors and is acclaimed by the UK government. Manpreet Ratia, from Jungle Ventures, takes over as CEO, emphasizing scaling and operational excellence. Duggal experienced a tumultuous tenure with high staff turnover and customer service issues. Additionally, he faces legal challenges in India with accusations tied to a money-laundering investigation involving Videocon, which he denies and is appealing against.
4. <https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d> - Builder.ai, a Microsoft-backed app-creating tech start-up, has revealed it had to restate its 2023 revenues to $140 million due to issues with resellers in the Middle East not meeting their promises. The company also lowered its forecasted revenue for the second half of 2024 by 25%. New CEO Manpreet Ratia acknowledged past problems under the leadership of founder Sachin Dev Duggal, who stepped down but retains a role on the board. Ratia appointed BDO for the company's first group-level audit for 2023-2027, following scrutiny over previously unverified accounts. Despite reducing its global workforce by 270 people, Ratia remains optimistic about the company's future, focusing on restructuring and enhancing successful ventures.
5. <https://www.investing.com/news/stock-market-news/builderai-revises-sales-figures-and-initiates-audit--bloomberg-93CH-3958536> - Builder.ai, a London-based artificial intelligence startup backed by Microsoft Corp and the Qatar Investment Authority, has revised its sales figures downward and initiated an audit of its accounts from the past two years. This move follows concerns raised by former employees that the company had inflated its sales figures. The company, which has secured over $450 million in funding, reduced its revenue forecasts for the second half of 2024 by approximately 25%. This adjustment was made after certain sales channels failed to materialize, according to the newly appointed CEO, Manpreet Ratia. The company confirmed this adjustment in response to inquiries from Bloomberg News regarding the sales correction.
6. <https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/> - Artificial intelligence startup Builder.ai reportedly hired two of the Big Four auditing firms to go through its finances from 2023 and 2024. The company announced the audit after lowering its revenue estimates for the second half of 2024 by 25% and after unnamed former employees alleged that it inflated sales figures. Manpreet Ratia, who became CEO of Builder.ai on Feb. 27, told Bloomberg that the company is working to make sure it has its 'house in order' and that the discrepancies in the sale reporting could be due to discounts the company provides to customers. 'For me to come out and say, 'This is inaccurate' — I don't think I'm at the stage to do that,' Ratia said, per the report. 'When the audit report comes out, it will tell me everything.' Builder.ai expects the full audit to be completed by this summer, according to the report.
7. <https://tech.eu/2025/03/03/builderai-founder-steps-down-as-ceo-but-remains-chief-wizard/> - Sachin Dev Duggal has stepped down as CEO of Builder.ai, which leverages AI to develop apps, but will remain on the startup’s board and in his role as chief wizard. He is being replaced as CEO by Manpreet Ratia, a long-standing e-commerce and financial services executive. Builder.ai’s customers include JP Morgan Chase and it has received around $450m in investment, including funds from Qatar Investment Fund, which led its £200m Series D in 2023, and Microsoft and SoftBank. The London-based startup has been valued at $1bn. The startup, which launched in 2016, was founded by Duggal, a colourful character in the startup scene. Builder.ai announced the changes last Thursday but have not been widely reported until now. The Financial Times has previously reported that Duggal's leadership style had led to the high turnover of staff at the startup. In response, lawyers for the startup said that work at Builder.ai was 'fast-paced' with employees 'encouraged to respond to that environment'. Duggal said: 'This evolution marks an exciting new chapter for Builder.ai. After eight years of growth, bringing in fresh perspective and operational excellence is crucial for our next phase. Manpreet's background expertise will help us achieve the perfect balance between innovation and operational efficiency.'