# Builder.ai files for bankruptcy amid $37m seizure and fraud investigations



Builder.ai, the British no-code AI startup that once thrived amid a wave of venture capital enthusiasm, has recently announced its intention to file for bankruptcy protection. This stark shift in fortunes comes after a significant financial blow, with Viola Credit seizing $37 million from the startup's accounts, leaving a mere $5 million in restricted funds and effectively halting operations in five countries. The announcement signals a dramatic realignment for the company, which had previously achieved considerable success and secured over $450 million in funding, including substantial backing from Microsoft and the Qatar Investment Authority.

Established in 2016, Builder.ai carved its niche by providing a platform that enabled businesses to create custom applications with little to no coding expertise. Its technology gained a wider audience during the recent surge in interest in generative AI, aimed at democratising app development for companies lacking technical resources. The startup’s ascent included notable investments, with Microsoft's equity investment designed to integrate Builder.ai's tools into its Azure and AI services, further solidifying the company’s market position. However, these aspirations have now been overshadowed by dire operational challenges and financial scrutiny.

The recent changes at the executive level have drawn significant attention as well. In a bid to rebuild investor confidence, CEO Manpreet Ratia, who replaced Founder Sachin Dev Duggal earlier this year, announced sweeping layoffs and the initiation of bankruptcy proceedings across key jurisdictions, including the UK, US, UAE, Singapore, and India. Ratia’s leadership aims to navigate the fallout from serious financial discrepancies that have emerged. Just months prior, Builder.ai was under fire as reports revealed it had revised its sales figures downward, with allegations of inflated performance during earlier investor presentations. Such claims triggered an investigation into the company's financial practices and prompted a third-party audit of its accounts.

The audit emerged after concerns were voiced by former employees regarding aggressive discounting practices and misreported revenues that were estimated to be up to 25% higher than reality for the latter half of 2024. Ratia has been vocal about the need for transparency amidst these revelations, acknowledging that both internal and external factors have contributed to the ongoing turmoil. The anticipated completion of the audit, expected in summer 2025, aims to clarify the company’s financial standing and ultimately guide its restructuring efforts.

Complicating matters further, Builder.ai’s founders also find themselves embroiled in legal controversies. Reports from early 2024 indicated that both Sachin Dev Duggal and co-founder Saurabh Dhoot faced separate allegations relating to serious financial misconduct, including money laundering and loan fraud. While both have publicly denied any wrongdoing, the investigations have raised concerns regarding the corporate governance and integrity of the leadership team during a tumultuous period.

As Builder.ai embarks on this challenging new chapter, industry observers are watching closely. The fate of a company that once stood as a beacon of innovation in the tech world now hangs in the balance, highlighting the precarious nature of startups reliant on investor confidence and market conditions. If successful, the company's restructuring could signal not only a recovery for Builder.ai but also offer lessons in resilience and transparency for the tech industry as a whole.

## Reference Map:

* Paragraph 1 – [[1]](https://finance.yahoo.com/news/builder-ais-shocking-450m-fall-170009323.html?.tsrc=rss), [[2]](https://tech.eu/2025/03/03/builderai-founder-steps-down-as-ceo-but-remains-chief-wizard/)
* Paragraph 2 – [[1]](https://finance.yahoo.com/news/builder-ais-shocking-450m-fall-170009323.html?.tsrc=rss), [[3]](https://www.uktechnews.info/2023/05/23/engineer-ai-global-t-a-builder-ai-secures-200-million-series-d-investment-led-by-qatar-investment-authority/)
* Paragraph 3 – [[4]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/), [[6]](https://finimize.com/content/builderai-faces-revenue-troubles-spurs-investigation)
* Paragraph 4 – [[5]](https://inc42.com/buzz/microsoft-backed-builder-ai-cofounders-booked-in-two-separate-criminal-cases/), [[7]](https://pune.news/business/microsoft-backed-builder-ai-cofounders-embroiled-in-legal-quagmire-facing-allegations-in-two-separate-cases-158438/)
* Paragraph 5 – [[1]](https://finance.yahoo.com/news/builder-ais-shocking-450m-fall-170009323.html?.tsrc=rss), [[6]](https://finimize.com/content/builderai-faces-revenue-troubles-spurs-investigation)

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## Bibliography

1. <https://finance.yahoo.com/news/builder-ais-shocking-450m-fall-170009323.html?.tsrc=rss> - Please view link - unable to able to access data
2. <https://tech.eu/2025/03/03/builderai-founder-steps-down-as-ceo-but-remains-chief-wizard/> - In March 2025, Builder.ai's founder, Sachin Dev Duggal, stepped down as CEO but remained on the board as 'Chief Wizard'. He was succeeded by Manpreet Ratia, a seasoned executive with experience at Amazon and Flipkart. The leadership change aimed to address operational challenges and position the company for its next growth phase. Builder.ai, backed by investors like Microsoft and the Qatar Investment Authority, has raised over $450 million and is valued at $1 billion. The company assists businesses in developing custom apps with minimal coding.
3. <https://www.uktechnews.info/2023/05/23/engineer-ai-global-t-a-builder-ai-secures-200-million-series-d-investment-led-by-qatar-investment-authority/> - In May 2023, Builder.ai, formerly known as Engineer.ai, secured over $250 million in a Series D funding round led by the Qatar Investment Authority (QIA). This investment brought the total funding raised by the company to over $450 million, with a valuation increase of up to 1.8 times. The funds were intended to fuel the company's continued industry leadership and innovation pipeline, focusing on using human conversation as the primary user interface for building software. Builder.ai has experienced significant growth, including a 2.3x revenue increase and over 40,000 features deployed to customers in the past year.
4. <https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/> - In March 2025, Builder.ai announced a third-party audit of its financials for 2023 and 2024 after former employees alleged that the company had inflated its sales figures. The company revised its revenue estimates for the second half of 2024 downward by approximately 25% due to underperformance in certain sales channels. CEO Manpreet Ratia stated that the discrepancies might be due to aggressive discounting strategies and emphasized the importance of transparency. The audit was expected to be completed by summer 2025.
5. <https://inc42.com/buzz/microsoft-backed-builder-ai-cofounders-booked-in-two-separate-criminal-cases/> - In March 2024, Builder.ai co-founder Sachin Dev Duggal was named as a suspect in an alleged money laundering case, while another co-founder, Saurabh Dhoot, faced allegations in a loan fraud case. The Enforcement Directorate in India was investigating transactions between 2008 and 2012 that indicated funds were transferred from Videocon to a company founded by Duggal. Both Duggal and Dhoot denied the allegations, with Duggal's lawyers stating that he was not an accused in any criminal proceedings related to Builder.ai.
6. <https://finimize.com/content/builderai-faces-revenue-troubles-spurs-investigation> - Builder.ai, an AI company backed by Microsoft and the Qatar Investment Authority, faced revenue reporting issues leading to an investigation into its financial practices. The company reduced its revenue estimates for the second half of 2024 by 25% due to underperformance in key sales channels. Concerns raised by former employees about these discrepancies led to an audit. CEO Manpreet Ratia suggested that the sales reporting issues might be tied to aggressive discounting strategies. The audit was expected to be completed by summer 2025.
7. <https://pune.news/business/microsoft-backed-builder-ai-cofounders-embroiled-in-legal-quagmire-facing-allegations-in-two-separate-cases-158438/> - In March 2024, Builder.ai co-founders Sachin Dev Duggal and Saurabh Dhoot faced legal challenges in two separate criminal cases. Duggal was implicated in an alleged money laundering case related to transactions between 2008 and 2012 involving Videocon, while Dhoot faced allegations in a loan fraud case. Both denied any wrongdoing, with Duggal challenging the validity of the warrant issued against him. The investigations raised questions about the leadership integrity of Builder.ai, a startup backed by Microsoft and SoftBank.