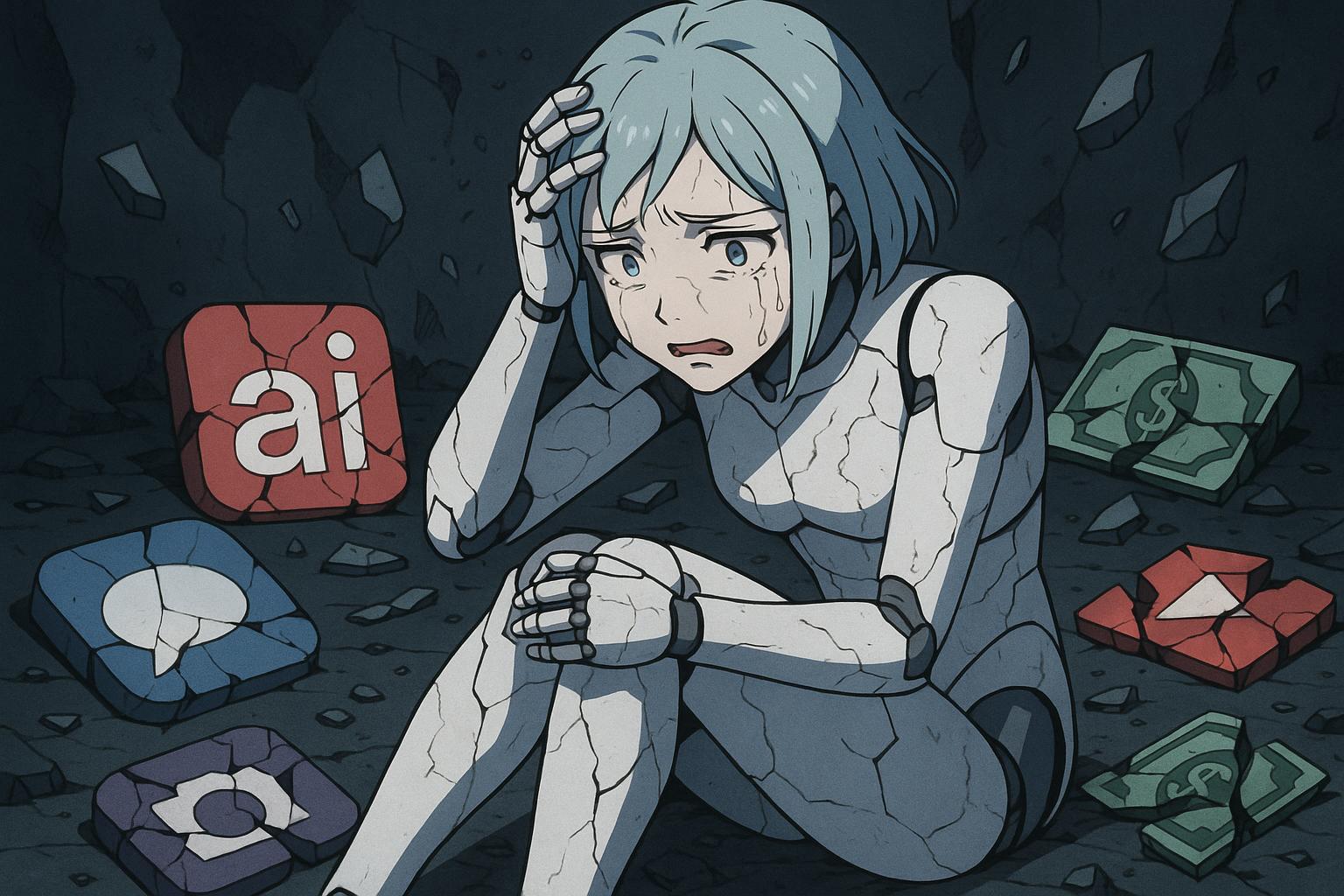
# Builder.ai collapse exposes alleged round-tripping and fake AI claims in UK start-up



The recent downfall of Builder.ai, a UK-based tech start-up once heralded for its pioneering AI-driven app development services, has sent ripples through the global start-up community. With allegations of financial impropriety at its core, concerns are mounting regarding the company’s integrity and the validity of its much-touted technology. Once a darling of investors, Builder.ai raised over $450 million, positioning itself as a leader in the no-code AI arena. However, accusations have emerged implying deceptive practices, prompting scrutiny from investors, regulators, and industry stakeholders.

The controversy gained momentum following a comprehensive investigative report published by The Economic Times, which identified Builder.ai as allegedly engaging in dubious financial transactions with its partner company, VerSe Innovation. This practice, often referred to as "round-tripping," involves the reciprocal billing of services that are never actually rendered. Such transactions were reportedly observed repeatedly between 2021 and 2024, raising alarms about inflated revenue figures that could mislead investors and artificially enhance the company’s perceived growth trajectory.

Round-tripping, although not novel, has raised particular alarm in the context of a high-profile start-up like Builder.ai, as it suggests a level of corporate manipulation characteristic of far less reputable enterprises. Experts in financial compliance have warned that if the allegations are substantiated, this could amount to deliberate fraud designed to deceive investors during critical funding rounds. VerSe Innovation, facing its own scrutiny, has categorically denied the claims, with Umang Bedi, co-founder, labelling the accusations as “baseless”. Nonetheless, Deloitte, VerSe's own auditor, has flagged significant internal control issues, leading to questions about the integrity of their financial reporting and governance.

Builder.ai’s silence in response to these grave allegations has further exacerbated concerns. In a market already strained by a multitude of governance issues, the ambiguity surrounding Builder.ai's practices is troubling. The start-up ecosystem in India, which is grappling with funding challenges and increased scrutiny, has found these revelations particularly alarming. With many investors now questioning the robustness of due diligence processes, the implications of these developments are profound.

Beyond the financial issues, Builder.ai faces accusations regarding the validity of its technological claims. The company, marketed as a no-code platform with a sophisticated AI assistant named “Natasha”, is now alleged to have operated on a foundation of traditional coding practices rather than true AI automation. Reports indicate that an extensive team of engineers was responsible for the development tasks, contradicting the company’s portrayal as an innovator in AI-driven solutions. Bernhard Engelbrecht, founder of Ebern Finance, highlighted that the outputs delivered often fell short of quality benchmarks, undermining the previously robust façade Builder.ai maintained.

The unfolding scandal coincides with Builder.ai's bleak financial outlook, which has seen the company initiate bankruptcy proceedings across multiple jurisdictions, including India, the USA, Singapore, the UAE, and the UK. The crisis reached a tipping point when Viola Credit, a key creditor, withdrew substantial funds, leaving Builder.ai in a dire liquidity predicament. CEO Manpreet Ratia disclosed that only a minimal balance remained, obstructing the company’s capacity to compensate most of its international staff and leading to significant layoffs.

Originally established in 2012 with promises of revolutionising app development, Builder.ai's trajectory has been one of rising aspirations now marred by systemic failure. Once valued at nearly $1 billion and backed by major investment entities including Microsoft, the company has now become emblematic of the pitfalls within start-up culture that prioritise rapid growth over sustainable practices.

The repercussions of Builder.ai’s predicament extend beyond its own boardroom and could serve as a cautionary tale for the wider start-up ecosystem. The use of questionable financial practices, along with misrepresentation of technological capabilities, points to worrying trends lurking beneath the surface of numerous high-growth enterprises. As regulatory bodies prepare to scrutinise the cross-border transactions at the heart of this scandal, it remains to be seen what penalties or actions may arise against Builder.ai and VerSe Innovation. This situation underscores the necessity for greater transparency in funding practices, emphasising that unchecked ambition can easily lead to catastrophic failures.

As the dust settles on this unfolding narrative, the wider technological landscape may indeed be forced to reassess its priorities, placing renewed emphasis on integrity, sustainability, and the true value of innovation.

## Reference Map:

* Paragraph 1 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[2]](https://www.ft.com/content/f41297ee-0bd8-4c9b-8b5b-04b15e30951f)
* Paragraph 2 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[4]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[6]](https://www.investing.com/news/stock-market-news/builderai-revises-sales-figures-and-initiates-audit--bloomberg-93CH-3958536)
* Paragraph 3 – [[3]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f), [[5]](https://www.ft.com/content/11afc46c-b435-489d-a9f1-134ad0c00d25), [[7]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/)
* Paragraph 4 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[4]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[5]](https://www.ft.com/content/11afc46c-b435-489d-a9f1-134ad0c00d25)
* Paragraph 5 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[2]](https://www.ft.com/content/f41297ee-0bd8-4c9b-8b5b-04b15e30951f), [[6]](https://www.investing.com/news/stock-market-news/builderai-revises-sales-figures-and-initiates-audit--bloomberg-93CH-3958536)
* Paragraph 6 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[3]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f), [[5]](https://www.ft.com/content/11afc46c-b435-489d-a9f1-134ad0c00d25)
* Paragraph 7 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[6]](https://www.investing.com/news/stock-market-news/builderai-revises-sales-figures-and-initiates-audit--bloomberg-93CH-3958536), [[7]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/)
* Paragraph 8 – [[1]](https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/), [[4]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[5]](https://www.ft.com/content/11afc46c-b435-489d-a9f1-134ad0c00d25)

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## Bibliography

1. <https://techstory.in/everything-you-need-to-know-about-builder-ais-fake-ai-claims-and-manual-operations/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/f41297ee-0bd8-4c9b-8b5b-04b15e30951f> - This article discusses the aggressive moves by Donald Trump's administration and allies into the cryptocurrency space, including attending major Bitcoin conferences and announcing plans to invest billions in digital assets. It also highlights Builder.ai's collapse amid a suspected revenue inflation scandal, jeopardising over $500 million in investments from major firms like Microsoft and SoftBank. The founder, Sachin Dev Duggal, faces legal scrutiny but is reportedly exploring a buyback plan.
3. <https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f> - This article reports that Sachin Dev Duggal and Saurabh Dhoot, entrepreneurs behind Builder.ai, are implicated in Indian criminal investigations. Duggal is a suspect in a money laundering case linked to Videocon, an Indian company, and denies any wrongdoing, claiming procedural irregularities. Dhoot is accused of loan fraud in a conspiracy involving Videocon and ICICI Bank. While Dhoot resigned from Builder.ai in 2022 and the allegations do not pertain directly to Builder.ai, they potentially impact the start-up's leadership.
4. <https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d> - This article reveals that Builder.ai, a Microsoft-backed app-creating tech start-up, 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 remains on the board. Ratia appointed BDO for the company's first group-level audit for 2023-2027, following scrutiny over previously unverified accounts.
5. <https://www.ft.com/content/11afc46c-b435-489d-a9f1-134ad0c00d25> - This article discusses Builder.ai's use of artificial intelligence in app development, securing significant investments from major firms like Microsoft and the Qatar Investment Authority. Founded by Sachin Dev Duggal, the company was recently valued at over $1 billion. However, Duggal's career has been marred by legal disputes and challenges, including charges from Indian authorities related to past business dealings and other allegations of financial misconduct during his time at Nivio, a prior venture.
6. <https://www.investing.com/news/stock-market-news/builderai-revises-sales-figures-and-initiates-audit--bloomberg-93CH-3958536> - This article reports that 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%. The audit is expected to be completed by this summer.
7. <https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/> - This article reports that Builder.ai, an AI startup, hired two of the Big Four auditing firms to review 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. CEO Manpreet Ratia stated that the discrepancies in the sales reporting could be due to discounts the company provides to customers. The audit is expected to be completed by this summer.