

COMPANIES & MARKETS

Architects of UK start-up Builder.ai face Indian criminal investigations

Authorities seek to question entrepreneurs over their business dealings, court documents show

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The entrepreneurs behind Builder.ai, one of the UK's best-funded technology start-ups, have been named by authorities in India in relation to criminal probes in the country, the Financial Times can reveal.

Sachin Dev Duggal has been described as a suspect in a money-laundering investigation while Saurabh Dhoot is accused in the charge sheet of a loan fraud case, according to court documents.

Both have previously been described as the co-founders of Builder.ai, a London-based business that has been backed by some of the biggest tech investors including Microsoft and SoftBank's DeepCore AI-focused fund.

The business, established in 2016 and once known as Engineer.ai, seeks to deploy artificial intelligence to make building an app or website "as easy as ordering pizza".

Duggal and Dhoot met at university in the early 2000s, according to Duggal's previous statements. They appeared to work closely during Builder.ai's early days. After the start-up secured funding in 2018, Duggal publicly thanked Dhoot following "the most defining week of our life" before thanking both their wives.

Later, as the launch of OpenAI's ChatGPT spawned a generative AI revolution, it seemed Builder.ai's moment had come. In 2023, the start-up announced a \$250mn funding round led by Qatar's wealth fund with participation from US tech investors Insight Partners and Iconiq Capital.

Duggal, a British citizen who is Builder.ai's chief executive, describes his role as "chief wizard". He has become one of the most lauded entrepreneurs in London's tech scene. EY named him UK entrepreneur of the year in November 2023, dubbed by the award's judges as "the embodiment of entrepreneurial spirit, impact and purpose".

Earlier that same year, according to court documents, the Indian Directorate of Enforcement named Duggal a suspect in a warrant application related to a money-laundering investigation into Videocon, the Indian home appliances group that collapsed into bankruptcy in 2018.

Duggal did not appear following a summons from the directorate in 2022 to be a witness in the investigation over alleged "unexplained transactions" between what investigators said was his company and Videocon.

A Mumbai judge denied an application for a "non-bailable warrant" to force him to appear before investigators. When the directorate swiftly switched Duggal's designation from "witness" to "suspect", it was later able to obtain a warrant from a Delhi court instead.

Court documents showed that the directorate was investigating transactions between 2008 and 2012 that were "clearly indicating" that Videocon transferred funds to a company founded by Duggal in India — not Builder.ai — before the funds were allegedly transferred to Videocon's overseas entities.

Duggal is appealing against the warrant and denies any wrongdoing. His lawyers said the original court summons had been invalid and Duggal was still only a witness.

A submission by Duggal's lawyers to the Delhi High Court argued that the directorate was "abusing its powers,



The self-styled 'chief wizard' of the business Sachin Dev Duggal is described as a suspect in a laundering probe into home appliance group Videocon, while friend and associate Saurabh Dhoot (right, in 2007), is accused in a loan fraud case

FT montage/Sportsfile/India Today/Getty Images

provisions of law, inasmuch against a person who has been co-operating wholeheartedly with it".

In a separate case, India's Central Bureau of Investigation accused Dhoot, previously named as Builder.ai's other co-founder, in a loan fraud investigation that also relates to Videocon.

In April last year, the CBI submitted a charge sheet to court that alleged that Dhoot and his uncle Venugopal Dhoot, the tycoon behind Videocon, had been part of a "criminal conspiracy" to get fraudulent loans from one of India's biggest banks.

Investigators accused the senior Dhoot of issuing a cheque to a renewables business belonging to the husband of ICICI Bank's chief in return for a Rp3bn (\$36mn) loan from the bank.

The charge sheet alleged that Saurabh Dhoot was a director and "authorised signatory" of the relevant Videocon subsidiary when it accepted the loan in 2009.

Investigators alleged that the younger Dhoot had a "false" certificate submitted to the bank stating that the money

had been paid to a supplier. Authorities alleged that most of the loan was diverted to eight other Videocon accounts.

Lawyers representing Saurabh Dhoot and Venugopal Dhoot said that the proceedings were at an early stage, no charges had yet been accepted by a court and both men denied wrongdoing. The bank's chief executive and her husband have also denied wrongdoing.

According to court documents, the Indian company about which investigators wanted to speak to Duggal over alleged suspicious transactions with Videocon was Nivio India.

Duggal's personal blog and previous Indian media reports have stated that Duggal "co-founded" Nivio with Saurabh Dhoot in 2004.

However, lawyers for Builder.ai and its chief executive said that Duggal founded Nivio's parent company without Dhoot and that Dhoot was given the title of co-founder in approximately 2007 or 2008 for support he had provided Duggal.

Saurabh Dhoot's lawyer also said that he was not involved in setting up Nivio.

Venugopal Dhoot's lawyer said: "Mr Duggal or his companies in India have never transferred money to any Videocon company outside of India."

The Videocon investigations do not relate to Builder.ai, but they could raise questions relating to the start-up's leadership.

Lawyers for Builder.ai and Duggal said that Saurabh Dhoot was also not involved in setting up the London-based tech start-up but had been designated co-founder in recognition of the friendship and advice he had provided to Duggal.

The lawyers added that Dhoot joined the board in 2018, entered a consulting contract with the company a year later,

Backers include Microsoft and SoftBank's DeepCore AI-focused fund

but resigned from all his positions in Builder.ai in 2022.

The men were named in the investigations in India weeks before Builder.ai secured its \$250mn led by Qatar Investment Authority, bringing the total raised by the company to about \$450mn.

Lawyers for Builder.ai and Duggal said the company had provided timely, full and frank disclosures to investors asking about public reports on its chief executive.

Builder.ai said: "After considering the facts surrounding the summons, the macro context of India, and following legal advice, the board of Builder.ai and our investors, who stand by our values of honesty and integrity, are unequivocal in their support of the business and have full confidence in Sachin Duggal as CEO.

"They fully trust that the matter will be resolved. We remain committed to engaging with our stakeholders with full transparency."

Duggal and Dhoot have sought to further clarify their business relationship in recent weeks.

After the FT contacted Builder.ai in relation to the Indian investigations, the company's website was updated to remove multiple references to Dhoot as a co-founder.

Builder.ai's lawyers said Dhoot had not been involved in investor meetings during any financing rounds and they only became aware of the allegations against him, regarding other companies, after he resigned as a director of Builder.ai in December 2022.

After the FT contacted Dhoot, his LinkedIn profile was changed to show the start date of his time at Builder.ai as 2019 rather than 2013 as previously stated. The profile continues to state that he was a "co-founder".

