EV start-ups chase software revenues as margins tighten on vehicle sales

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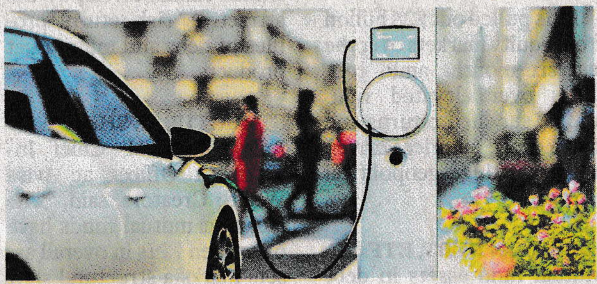
As competition intensifies in India's electric vehicle (EV) market and hardware margins come under pressure, start-ups are increasingly betting on software, data and fleet intelligence to build recurring revenue streams and improve profitability.

Founders across the mobility ecosystem told *businessline* that commercial fleet operators are demanding services such as predictive maintenance, battery analytics, fleet management, charging optimisation and AI-powered route planning, signalling a shift from selling vehicles to offering integrated mobility platforms.

"The EV industry is rapidly shifting from a product-centric model to a platform-centric model," said Hiten Pal Saklani, CEO-Designate, BikeWo Green Tech. "While vehicle sales remain important, we see significantly higher long-term value in recurring technology and service revenues through fleet management, predictive maintenance, battery health analytics, financing enablement and energy management." He expects software, fleet management and energy services to contribute 25-35 per cent of the company's revenues over the next three-five years.



CHANGING BETS. The shift comes with shrinking hardware margins amid rising competition, localisation efforts and pricing pressure GETTY IMAGES/ISTOCKPHOTO

The shift comes as vehicle manufacturers grapple with shrinking hardware margins amid rising competition, localisation efforts and pricing pressure. Instead of relying solely on one-time vehicle sales, start-ups are looking to generate predictable cash flows through subscription-based digital services.

Tarun Jain, Co-founder of LetzRyd, said the company is seeing growing demand for connected mobility solutions. Hardware margins have become more competitive, prompting the company to deepen its focus on recurring software revenues.

For fleet customers, the buying decision is also evolving. "Customers are asking for certainty rather than just vehicles," said Nikhil Anand Khurana, Managing Director and CEO, Folks Motor. "They want battery health, charging patterns, downtime risks, maintenance schedules and total cost of ownership in real time. What they really value is uptime, predictability, financing support and operational control." He added that the company's future growth will increasingly come from combining fleet intelligence, battery analytics, charging infrastructure and financing into a unified operating ecosystem.

The emergence of software-led services is also creating opportunities for companies building technology around commercial fleets.

INDIA MARKET

Rahul Mehra, Co-founder of Roadcast, said customers are increasingly seeking "complete operational intelligence rather than just vehicle tracking". "Competitive advantage no longer comes from the device itself but from the intelligence built around it," he said.

Industry executives believe the next phase of India's EV market will be defined less by vehicle specifications and more by the software layer that improves fleet uptime, lowers operating costs and strengthens customer retention.