TIMELABS | 2026 EDITION

The Ultimate Guide to Buying HRMS Software in India

From Pain Points to Perfect Fit — Everything Indian Business Leaders Need to Know Before Making Their HR Tech Investment

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A Message from Timelabs

India is at an inflection point. With a workforce of over 500 million people, the second-largest in the world, and a rapidly digitalizing economy, the way Indian enterprises manage their people is undergoing a seismic shift.

Yet, despite all the progress, we still see thousands of Indian businesses — from family-run SMEs in Surat to large manufacturers in Pune, from booming IT firms in Bengaluru to hospital chains across Tier-2 cities — struggling with the same old problems: salaries delayed because of Excel errors, PF filings done manually at the last minute, employees waiting weeks for a leave approval, and HR teams buried in compliance paperwork instead of building culture.

This guide was written for you: the business owner, the HR head, the CFO, or the IT decision-maker who knows your HR processes need an upgrade but isn't sure where to start, what to look for, or which vendor to trust.

At Timelabs, we've spent over two decades building HR and payroll technology specifically for the Indian context. We understand that Indian compliance isn't just PF and ESI — it's state-wise Professional Tax, the new Labour Codes, variable dearness allowance, gratuity calculations, and hundreds of nuances that generic global software misses entirely.

We've written this guide to be completely honest. You'll find an objective comparison of leading HRMS platforms in India, a deep dive into what features actually matter, and a practical framework for making the right buying decision for your organisation.

Let's get started.

— The Timelabs Team

CHAPTER 1

THE STATE OF HR IN INDIA — 2026

India's workforce story in 2026 is one of extraordinary scale and complexity. With 1.44 billion people and a formal workforce of over 500 million, India is not just the world's most populous nation — it is also one of the most challenging environments in the world to manage human capital effectively.

The State of HR in India — 2026

Several macro forces are converging to make 2026 a critical year for HR technology adoption in India:

- The New Labour Codes (four consolidated codes replacing 29 central labour laws) are being implemented across states, fundamentally changing how wages, social security, and industrial relations are calculated and reported.
- Post-pandemic hybrid and remote work has become permanent for IT and knowledge workers, creating new challenges in attendance, productivity tracking, and engagement.
- The gig economy has exploded — India has over 15 million gig workers today, requiring flexible HRMS solutions that can handle non-traditional employment structures.
- India's MSME sector, employing over 110 million people, is digitalising rapidly, creating massive demand for affordable, cloud-based HR solutions.
- Regulatory scrutiny has intensified — EPFO and ESIC enforcement, TDS compliance, and mandatory digital filings mean that non-compliance now carries real financial risk.

73%

of Indian HR leaders say compliance complexity is their #1 pain point

68%

of SMBs still manage payroll in Microsoft Excel or Google Sheets

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₹2.4L Cr

estimated cost of payroll errors and compliance penalties to Indian businesses annually

89%

of employees say faster, accurate salary processing directly impacts their loyalty

Why 2026 is the Year to Act

The combination of the new Labour Codes implementation, EPFO's push for 100% digital compliance, GST-linked payroll verification, and the explosion of the mobile workforce means that businesses still relying on manual HR processes face unprecedented risk.

The Compliance Time Bomb

With the new Wage Code redefining 'wages' to include basic pay + dearness allowance (minimum 50% of CTC), PF contributions for millions of employees are set to increase significantly. Companies that haven't updated their HRMS to reflect this change are sitting on a compliance liability that could trigger back-dated arrears, penalties, and legal exposure.

The Cost of Doing Nothing

Many business leaders assume that their current systems — even if imperfect — are 'good enough'. The data suggests otherwise:

- An average HR professional in India spends 60% of their time on administrative tasks that could be automated
- Manual payroll errors cost Indian companies an average of ₹14,000 per employee per year in correction costs and penalties
- Employee onboarding done manually takes 23 days on average; an HRMS reduces this to under 5 days
- Companies with automated HR processes see 32% lower voluntary attrition — a critical advantage in India's high-churn job market

Key Insight

The question for Indian business leaders is no longer whether to invest in HRMS — it's which HRMS to invest in, and how to ensure it's truly built for the Indian market, not just localised from a global product.

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CHAPTER 2

THE 10 BIGGEST HR CHALLENGES INDIAN ENTERPRISES FACE

Before you evaluate any software, it's important to understand the root causes of HR dysfunction in Indian organisations. Below are the ten challenges our team hears most frequently from Indian business leaders — across industries and company sizes.

1. Payroll Processing Errors and Delays

Payroll is the heartbeat of any organisation, yet it remains one of the most error-prone functions in Indian businesses. Between multi-component salary structures (basic, HRA, conveyance, special allowance, LTA, medical), attendance integration, variable pay, and tax deductions — manual payroll is a recipe for mistakes.

- Average HR team in a 200-person company spends 4–6 days every month on payroll processing
- One study found that 82% of Indian companies process payroll corrections every month after the initial run
- Payroll errors are among the top 3 reasons for employee dissatisfaction and attrition in India

2. Statutory Compliance Complexity

India has one of the most complex statutory compliance environments in Asia. An HR manager must track and file:

- EPF & EPS contributions (monthly ECR filing)
- ESIC contributions and claims management
- Professional Tax (rates and slabs vary by state — 28 different regimes)
- TDS on salary (Form 16, Form 24Q quarterly filing)
- Gratuity calculation and provision
- Labour Welfare Fund (state-specific)
- Shops & Establishments compliance (varies by state)
- New Wage Code implementation as states notify rules

Missing a single filing deadline can result in penalties, interest, and in serious cases, prosecution of directors. With manual systems, staying current is nearly impossible.

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3. Attendance and Time Tracking Chaos

For manufacturing plants, retail outlets, hospitals, and field sales teams — accurate attendance data is the foundation of correct payroll. Yet most Indian companies still rely on biometric devices that aren't integrated with their payroll systems, or worse, on manual attendance registers.

- Proxy attendance ('buddy punching') costs Indian manufacturers an estimated ₹8,000–₹15,000 per employee per year
- Shift scheduling for rotational staff (common in manufacturing, healthcare, hospitality) is an operational nightmare without software
- GPS-based attendance for field staff is still not standard practice in most Indian companies

4. Leave Management Inefficiencies

India's leave entitlement structure is complex: Casual Leave, Sick Leave, Earned Leave (carry-forward rules), National Holidays, Optional Holidays, Maternity/Paternity Leave, and state-specific paid holidays. Managing this manually leads to:

- HR managers fielding 15–30 leave-related queries daily
- Incorrect leave balances causing disputes at year-end or during resignations
- Managers approving leaves without knowing team availability or project impact
- Encashment calculations at exit going wrong, creating legal disputes

5. Inefficient Onboarding and Offboarding

In a country where talent acquisition costs average ₹40,000–₹80,000 per hire, losing a new employee in the first 90 days because of a poor onboarding experience is an expensive failure. Most Indian companies have no structured digital onboarding process:

- New joinee documents collected in person (Aadhaar, PAN, bank details) take days to process
- IT access, ID card, email setup — all done via email threads with no tracking
- Post-resignation formalities (full and final settlement, relieving letters) often take 45–90 days

6. Performance Management Gaps

Annual appraisals done in spreadsheets, ratings that feel arbitrary, no continuous feedback culture — these are endemic problems in Indian organisations. The consequences are severe in a market where LinkedIn has 100M+ active Indian professionals who are always open to new opportunities.

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7. Fragmented HR Data and Poor Analytics

When employee data lives in multiple Excel files, attendance in a biometric software, payroll in a legacy system, and performance data in email chains — you simply cannot make informed people decisions. Leadership in Indian companies frequently complains about:

- Not knowing real-time headcount by department or location
- Unable to calculate cost-to-company per employee accurately
- No early warning system for high attrition risk employees
- Compliance risk due to missing or outdated employee records

8. Employee Self-Service Bottlenecks

When employees need to apply for a loan advance, update a bank account, download a salary slip, or raise a grievance — most Indian companies require them to email HR or walk to the HR cabin. This wastes time on both sides and creates a frustrating employee experience, especially for younger, mobile-first employees.

9. Multi-Location and Multi-Entity Complexity

Indian enterprises that operate across states face a compliance nightmare: different Professional Tax structures, different Shops & Establishments requirements, different state-specific holidays, and different minimum wage notifications. Managing this without integrated, location-aware software is nearly impossible.

10. Talent Acquisition and Retention Pressures

India's job market in 2026 is simultaneously experiencing high demand for skilled talent and high supply of candidates — but matching them is harder than ever. Companies without a proper Applicant Tracking System (ATS) lose qualified candidates to competitors who can move faster. And without structured compensation benchmarking and career progression frameworks, retaining good people is a constant battle.

Reality Check

If your organisation is experiencing 5 or more of these 10 challenges regularly, you don't have an HR problem — you have an HR technology problem. The good news: every single one of these challenges is solvable with the right HRMS.

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CHAPTER 3

WHAT IS HRMS? A PLAIN-ENGLISH GUIDE

If you've been hearing terms like HRMS, HRIS, HCM, and payroll software thrown around interchangeably, you're not alone. Let's clear the confusion.

Term	What It Covers	Best For
HRIS (HR Information System)	Employee records, compliance, basic reporting, document management	Small companies needing a digital employee database
HRMS (HR Management System)	HRIS + payroll, attendance, leave, self-service, performance	Mid-size to large companies managing end-to-end HR workflows
HCM (Human Capital Management)	HRMS + talent acquisition, L&D, succession planning, workforce analytics	Large enterprises focusing on strategic workforce development
Payroll Software	Salary processing, tax deductions, statutory filings only	Companies that only need payroll automation

For Most Indian Businesses

A full-featured HRMS — covering core HR, payroll, attendance, leave, compliance, and self-service — is the right investment. HCM is typically overkill for companies under 1,000 employees, and standalone payroll software leaves too many gaps.

The Core Modules of a Modern HRMS

A modern HRMS is built around interconnected modules that share a single employee database:

Module	What It Does
Core HR	Employee master, org chart, document vault, digital onboarding/offboarding
Payroll	Salary computation, TDS, Form 16, payslips, PF/ESI filing, bank disbursement
Attendance & Time	Biometric integration, geo-fencing, shift scheduling, overtime tracking
Leave Management	Leave policies, application workflows, calendar, encashment, carry-forward
Performance Management	Goal setting, KRA/KPI tracking, 360° feedback, appraisal cycles, ratings

Module	What It Does
Recruitment / ATS	Job postings, applicant tracking, interview scheduling, offer letters
Learning & Development	Training plans, course assignments, certifications, skill tracking
Employee Self-Service	Mobile app for payslips, leave, claims, announcements, grievances
Analytics & Reporting	Dashboards, custom reports, compliance reports, workforce insights

Why Spreadsheets Fail — and When

We hear it all the time: 'We're managing fine with Excel.' Here's the honest truth about when spreadsheets break down:

- At 50+ employees: Leave balance tracking and attendance reconciliation become error-prone
- At 100+ employees: Monthly payroll processing takes 3+ days and is prone to revision errors
- At 200+ employees: Compliance tracking (PF, ESI, PT across departments) becomes unmanageable
- At 500+ employees: A single formula error in payroll can result in incorrect salaries for hundreds of people and takes days to fix
- At any size: Excel has zero audit trail, no role-based access control, and zero integration with biometric or tax filing systems

₹14,200

Average annual cost per employee of payroll errors in Indian companies still using manual methods (Source: NASSCOM HR Technology Report, 2025)

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CHAPTER 4

ESSENTIAL HRMS FEATURES — WHAT TO LOOK FOR

Not all HRMS platforms are created equal. When evaluating options, it's easy to get dazzled by a slick demo. This chapter gives you the feature checklist that separates genuinely capable platforms from those that look good in presentations but disappoint in production.

1. Payroll Engine — The Non-Negotiable

India's payroll is uniquely complex. Your HRMS payroll module must handle:

- Multi-component salary structures (Basic, HRA, Conveyance, Special Allowance, LTA, Medical, Variable Pay, Performance Bonus, Arrears)
- Automatic tax computation — TDS as per income tax slabs, Section 80C deductions, HRA exemption
- New Tax Regime vs Old Tax Regime selection per employee (as per Finance Act 2024)
- PF calculation under new Wage Code (min 50% of CTC as wages)
- ESIC contribution tracking and monthly challan generation
- Professional Tax deduction (state-wise slabs and due dates)
- Salary revision with arrear auto-calculation
- Full & Final Settlement computation
- Direct bank transfer integration (NEFT/RTGS bulk file generation for all major Indian banks)
- Payslip generation in regional languages (for factory workers)

Critical Check

Ask every vendor: 'How does your system handle the new Wage Code wage definition for PF calculation?' If they can't give you a clear, specific answer, walk away.

2. Statutory Compliance — Your Legal Shield

This is where Indian-built HRMS platforms have a significant advantage over global products. Look for:

- Automatic ECR (Electronic Challan cum Return) generation for EPFO
- ESIC monthly challan and half-yearly return (Form 6)
- Professional Tax challan generation for all 28 PT-applicable states
- TDS Form 24Q quarterly filing and Form 16 generation
- Labour Welfare Fund computation (state-wise)
- Automated alerts for compliance due dates
- Compliance calendar with filing status tracker
- Support for minimum wage notifications (state-wise and category-wise)

Module	What It Does
Recruitment / ATS	Job postings, applicant tracking, interview scheduling, offer letters
Learning & Development	Training plans, course assignments, certifications, skill tracking
Employee Self-Service	Mobile app for payslips, leave, claims, announcements, grievances
Analytics & Reporting	Dashboards, custom reports, compliance reports, workforce insights

3. Attendance and Time Management

- Integration with all major biometric devices (ZKTeco, eSSL, Realand, Matrix, Suprema)
- Geo-tagged mobile attendance with selfie capture (for field staff)
- Shift scheduling and rotation management
- Overtime calculation as per Factories Act and state-specific labour laws
- Compensatory off management
- Late arrival and early departure tracking with configurable grace periods
- Holiday master (National + state + restricted + optional)

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4. Leave Management

- Configurable leave types (CL, SL, EL/PL, Maternity, Paternity, Bereavement, LWP)
- Carry-forward rules (lapsing, encashment, maximum cap)
- Leave encashment calculation during service and at exit
- Manager approval workflow with delegation
- Leave calendar for team availability visibility
- Integration with attendance for auto-marking of absent days

5. Employee Self-Service and Mobile App

In 2026, employees expect to manage all their HR needs from their phone. Your HRMS must offer:

- Payslip download (with salary breakup and TDS details)
- Leave application and tracking
- Attendance marking (for mobile/remote workforce)
- IT declaration and proof submission (for tax saving)
- Investment declaration (Form 12BB)
- Document upload (Aadhaar, PAN, experience letters)
- Reimbursement claim submission with bill upload
- Helpdesk / ticket raising
- Company announcements and policies

6. Performance Management

- Goal setting aligned to company OKRs
- KRA/KPI definition per role
- Mid-year and annual review cycles
- 360-degree feedback (peer, subordinate, manager)
- Rating normalization and bell curve management
- Increment and promotion workflow linked to appraisal outcomes

7. Recruitment and Onboarding

- Job requisition approval workflow
- Career page integration (or standalone careers portal)
- Application tracking (resume parsing, stage management, interview scheduling)
- Offer letter generation with configurable templates
- Digital joining documentation (collect Aadhaar, PAN, bank details, education certificates online)
- Onboarding task checklists (IT access, ID card, buddy assignment)

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8. Analytics and Reporting

- Real-time headcount dashboards by department, location, grade, gender
- Attrition analytics (voluntary vs involuntary, department-wise, tenure-wise)
- Payroll cost analysis and CTC trending
- Compliance status dashboard
- Custom report builder
- Scheduled report delivery via email
- Integration with BI tools (Power BI, Google Data Studio)

9. Integration Capabilities

Your HRMS should not be an island. Check for native integrations or API support with:

- Accounting software (Tally, Zoho Books, QuickBooks, SAP)
- Biometric / access control devices
- EPFO and ESIC portals (direct filing)
- Income Tax portal (TDS filing)
- Banks (salary disbursement file generation)
- Background verification partners
- LMS platforms (for Learning & Development)

Pro Tip

Always ask for a live integration demonstration, not just a capabilities slide. Many vendors claim integrations that exist only as manual export-import processes.

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CHAPTER 5

INDIA-SPECIFIC COMPLIANCE — WHAT YOUR HRMS MUST HANDLE

This chapter is essential reading for any Indian business. Compliance failure in HR is not a theoretical risk — it results in real penalties, legal notices, employee disputes, and in serious cases, imprisonment of directors. Here's a comprehensive overview of what your HRMS must support.

The Four New Labour Codes

The Government of India has consolidated 29 central labour laws into four codes. States are at varying stages of notifying rules:

Labour Code	Key Changes	HRMS Impact
Code on Wages, 2019	New definition of 'wages' — basic + DA must be min 50% of gross; weekly payment option for gig workers	PF base increases; payroll structure redesign required
Industrial Relations Code, 2020	Threshold for retrenchment permission raised to 300 (from 100); new fixed-term employment category	Contract management, notice period automation
Code on Social Security, 2020	EPFO/ESIC extended to gig workers; new gratuity eligibility for fixed-term employees	Gig worker enrolment; gratuity on pro-rata basis for FTE
OSH Code, 2020	Digital health records, working hours limits, overtime computation	Shift management, overtime alerts, health record management

Employees' Provident Fund (EPF)

EPF is mandatory for establishments with 20+ employees. Key compliance requirements:

- Employee contribution: 12% of basic + DA
- Employer contribution: 12% (8.33% to EPS, 3.67% to EPF)
- Monthly ECR filing by 15th of following month
- UAN generation and KYC seeding (Aadhaar, PAN, bank)
- PF transfer and withdrawal processing for separating employees
- International Workers (IW) — separate compliance for foreign nationals

New Wage Code Impact on PF

Under the new Wage Code, the definition of 'wages' expands to include basic + DA, which must constitute at least 50% of gross salary. For employees whose current basic is below 50% of gross (common in IT and BFSI), this will significantly increase PF liability for both employer and employee. Your HRMS must be able to model this impact and recompute salary structures.

Employees' State Insurance (ESIC)

Your HRMS should not be an island. Check for native integrations or API support with:

- Applicable to establishments with 10+ employees (in most states) where salary is up to ₹21,000/month
- Employee contribution: 0.75% of gross salary
- Employer contribution: 3.25% of gross salary
- Monthly contribution challan and half-yearly return (Form 6)
- Accident reporting obligations

Professional Tax (PT)

Professional Tax is a state-level tax with different rates across 28 applicable states. This is one of the most common compliance gaps for companies operating in multiple states.

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State	Annual Maximum PT	Frequency
Maharashtra	₹2,500	Monthly
Karnataka	₹2,400	Monthly
West Bengal	₹2,500	Monthly
Gujarat	₹2,400	Monthly
Tamil Nadu	₹1,200	Half-yearly
Andhra Pradesh	₹2,400	Monthly
Telangana	₹2,400	Monthly
Madhya Pradesh	₹2,500	Monthly

Tax Deducted at Source (TDS) on Salary

- Deducted monthly under Section 192
- Computation based on projected annual income, declared investments
- Form 12BB — investment declaration by employee
- Proof submission and verification for 80C, 80D, HRA exemption
- Quarterly TDS returns — Form 24Q
- Form 16 (Part A + Part B) to be issued by June 15 each year
- New Tax Regime (no deductions) vs Old Tax Regime — per employee opt-in

Gratuity

- Payable on separation after 5 years of continuous service (except death/disability)
- Formula: (Last Drawn Salary × 15/26) × Years of Service
- Maximum ceiling: ₹20 lakhs (as per Payment of Gratuity Act amendment)
- Mandatory gratuity accounting / provisioning
- Fixed-term employees now eligible for pro-rata gratuity under new SS Code

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Minimum Wages Act

Minimum wages in India are set by both the Central Government and State Governments, and vary by:

- Industry / sector (scheduled employment)
- Category (unskilled, semi-skilled, skilled, highly skilled)
- Zone (A, B, C) within a state
- Revised twice a year (April and October) by most states

Your HRMS should send alerts when minimum wage revisions are notified, and flag employees whose wages fall below the revised threshold.

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CHAPTER 6

TOP HRMS SOLUTIONS IN INDIA — AN HONEST COMPARISON

The Indian HRMS market has matured significantly. You now have excellent homegrown options built specifically for India's compliance environment, alongside global platforms with India localisation. Here's an objective comparison of the leading solutions.

How We Evaluated

Each platform was evaluated on: India compliance depth, payroll accuracy, mobile experience, implementation timeline, pricing transparency, customer support quality, and suitability for different company sizes.

Platform	Best For	Strengths	Watch Out For	Pricing
Timelabs	All sizes — SMB to Enterprise	Deepest India compliance, fast implementation, strong support	Best-in-class for India; less global presence	₹40 – ₹120/employee/ month
Darwinbox	Mid-market & Enterprise	Modern UI, strong talent modules, PE-backed scale	Complex implementation, premium pricing	₹150 – ₹300/employee/ month
greytHR	SMB & Mid-market	Simple payroll, good compliance, quick setup	Limited performance & talent modules	₹25 – ₹75/employee/ month
Keka HR	IT companies, SMB	Slick UI, good ESS, culture-friendly	Compliance depth weaker for manufacturing/ factory	₹60 – ₹180/employee/ month
Zoho People	SMB with Zoho ecosystem	Affordable, good integration within Zoho suite	Payroll compliance depth limited	₹40 – ₹100/employee/ month

Platform	Best For	Strengths	Watch Out For	Pricing
People Strong	Mid-market & Enterprise	Good talent acquisition, mobile-first	Compliance gaps reported in smaller markets	₹100 – ₹250/employee/ month
Spine HR	Manufacturing & SMB	Strong statutory compliance, affordable	Older UI, limited mobile experience	₹30–₹80/ employee/month

Feature-by-Feature Comparison

Feature	Timelabs	Darwinbox	greytHR	Keka	SAP SF
India Payroll Depth	★★★★☆	★★★★★	★★★☆☆	★★★★☆	★★★★★
New Labour Code Ready	★★★★★	★★★☆☆	★★★★★	★★★★☆	★★☆☆☆
Multi-State Compliance	★★★★★	★★★☆☆	★★★★★	★★★★☆	★★☆☆☆
Biometric Integration	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Mobile ESS App	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Performance Mgmt	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Recruitment / ATS	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Implementat ion Speed	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Implementat ion Speed	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Total Cost of Ownership	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆
Customer Support (India)	★★★★★	★★★★☆	★★★★☆	★★★★☆	★★★☆☆

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The Timelabs Advantage

Timelabs has been building HR and payroll technology for Indian businesses since 1998. The platform has been through every major regulatory change India has seen — the introduction of UAN, ESIC digitalisation, GST, and now the new Labour Codes.

- India-first architecture: Every compliance rule, statutory rate, and filing format is built into the core product — not bolted on as a localisation layer
- Proven at scale: Powering payroll for companies from 50 employees to 50,000+ across manufacturing, IT, retail, healthcare, and BFSI
- Fastest implementation in category: Average go-live in 2–4 weeks vs. 3–6 months for global platforms
- Dedicated India compliance team: Real-time updates when regulations change — you're never caught off-guard
- True multitenancy: Each state's PT, minimum wage, holiday calendar managed seamlessly in a single platform
- Best-in-class support: Dedicated account managers, 24/7 helpdesk, same-day issue resolution SLA

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CHAPTER 7

INDUSTRY-SPECIFIC HRMS RECOMMENDATIONS

Different industries have vastly different HR challenges. A 'one-size-fits-all' HRMS often means one-size-fits-none. Here's our analysis of HRMS priorities and recommendations for India's major industry sectors.

Manufacturing

Manufacturing is one of the most compliance-intensive industries in India. Factory Act compliance, shift management, contract labour, and safety records are non-negotiable requirements.

- Critical: Shift scheduling for 3-shift operations (A, B, C rotational shifts)
- Critical: Overtime calculation per Factories Act (2x rate after 9 hours/48 hours per week)
- Critical: Contract labour management and compliance (CLRA Act)
- Critical: Canteen, transport, and accommodation deduction management
- Critical: Biometric integration at factory gates
- Required: Wage register as per Factories Act format
- Required: Muster roll and attendance register

Best Fit:-
Timelabs — purpose-built for manufacturing compliance with factory-grade features.

IT & Technology

India's IT sector — Bengaluru, Hyderabad, Pune, Chennai — has specific HRMS needs driven by global work culture, high salaries, and aggressive talent markets.

- Priority: Performance management with OKR integration
- Priority: Flexi-work and WFH attendance management
- Priority: Employee engagement tools and pulse surveys
- Priority: Tax optimisation tools (80C, NPS, flexi-benefit plans)
- Priority: Smooth onboarding with digital document collection
- Required: Full & Final Settlement with gratuity and leave encashment calculation

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Best Fit:-
Timelabs or Keka for SMB; Timelabs or Darwinbox for larger IT companies.

Retail & FMCG

High headcount, high attrition, multi-location operations, and minimum wage compliance make retail one of the most demanding environments for HRMS.

- Critical: Multi-location payroll with state-wise PT and minimum wages
- Critical: High-volume hiring and rapid onboarding (hundreds of new joiners monthly)
- Critical: Mobile attendance for store staff with no desktop access
- Priority: Incentive and commission calculation
- Priority: Seasonal workforce management

Best Fit:-
Timelabs — strong multi-location compliance and mobile-first ESS.

Healthcare

Hospitals and healthcare chains operate 24×7 with complex shift patterns, critical staffing ratios, and ESIC obligations for all staff.

- Critical: 24×7 shift management with minimum staffing alerts
- Critical: On-call duty management and overtime for doctors and nurses
- Critical: ESIC compliance for support staff
- Priority: Credential tracking (medical council registration, nursing licenses)
- Priority: Temporary / locum staff management

Best Fit:-
Timelabs — proven in multi-specialty hospitals with complex shift requirements.

Banking & Financial Services (BFSI)

BFSI firms have high-value employees, strict regulatory requirements, and complex variable pay structures including incentives, bonuses, and ESOP management.

- Critical: Confidentiality and data security (role-based access control, audit trails)
- Critical: Incentive and variable pay computation
- Critical: Regulatory compliance (RBI guidelines on HR practices for banks)
- Priority: ESOP and equity management
- Priority: Training and certification tracking (NISM, IRDAI certifications)

Best Fit:-
Timelabs or Darwinbox for mid-size NBFC/insurance; SAP SF for large banks.

Education — Schools, Colleges, EdTech

Educational institutions have unique salary structures (UGC scales for colleges, management pay scales for schools) and academic calendar-driven attendance.

- Critical: Academic year-based leave policies
- Critical: UGC pay scale computation for colleges
- Critical: Contract / visiting faculty management
- Priority: Student data separation (HRMS only for employees)

Best Fit:-
Timelabs — supports UGC scales and academic calendar configurations.

Hospitality — Hotels and Restaurants

Hospitality has some of the highest attrition in India (60%+ annually) with a largely informal workforce, service charge calculations, and F&B-specific compliance.

- Critical: Service charge distribution management
- Critical: Tips and gratuity tracking
- Critical: High-volume onboarding and offboarding
- Critical: Labour law compliance for hotels (Hotels and Restaurants Workers Act)

Best Fit:-
Timelabs — strong statutory compliance and rapid onboarding for high-churn environments.

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Construction & Real Estate

Hospitality has some of the highest attrition in India (60%+ annually) with a largely informal workforce, service charge calculations, and F&B-specific compliance.

- Critical: Contract and migrant labour management
- Critical: Site-wise payroll (multiple project locations)
- Critical: Building and Other Construction Workers (BOCW) Welfare Fund compliance
- Critical: Cash wage disbursement for daily wage workers

Best Fit:-
Timelabs — built-in BOCW compliance and contract labour management.

Startups & Scaling SMEs

Startups need HR software that grows with them — affordable at 50 people, still capable at 500. They also need ESS tools that reflect their culture.

- Priority: Quick setup (days, not months)
- Priority: Self-service configurability (no IT team needed)
- Priority: Mobile-first experience
- Priority: ESOP management (common in funded startups)
- Priority: Integration with Slack, JIRA, and other startup tools

Best Fit:-
Timelabs or Keka — both offer startup-friendly pricing and quick go-live.

CHAPTER 8

HOW TO BUY HRMS SOFTWARE — A STEP-BY-STEP FRAMEWORK

Buying an HRMS is not like buying a subscription to a productivity tool. It's a strategic technology investment that will affect every employee in your organisation. Done right, it pays back in months. Done wrong, it creates a costly, demoralising migration two years later. Here's the framework we recommend.

Step 1: Audit Your Current State (Week 1–2)

Before you look at any software, document your current reality:

- Map every HR process: payroll, attendance, leave, hiring, performance, compliance
- Identify the top 5 pain points ranked by frequency and cost
- Count your headcount today and projected growth for 3 years
- List all your statutory compliance obligations (states, acts, filing frequencies)
- Document your current technology stack — what integrates with what
- Establish a baseline: how many hours does payroll take today? How many errors?

Step 2: Define Your Requirements (Week 2–3)

Create a requirements document with three tiers:

- Must Have: Features without which the system cannot go live (e.g., PF filing, payslip generation, biometric integration)
- Should Have: Important features that significantly improve operations (e.g., performance management, mobile ESS)
- Nice to Have: Features that would be good but aren't critical (e.g., advanced analytics, ESOP management)

Team Tip

Include the actual HR users in requirements gathering — not just the IT team or finance team. The HR manager who processes payroll daily will identify requirements that a CTO will never think to ask for.

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Step 3: Set Your Budget (Week 3)

HRMS pricing in India typically follows one of three models:

- Per employee per month (PEPM): Most common — ranges from ₹25 to ₹600 depending on features and vendor
- Annual flat fee (for smaller deployments): Fixed annual cost regardless of headcount
- One-time perpetual license + AMC: Less common now, but still offered by some vendors for on-premise deployments

Budget beyond the subscription fee for:

- Implementation and data migration (typically ₹50,000 to ₹5 lakhs depending on complexity)
- Training (for HR team and employees)
- Integration development (if custom API connections are needed)
- Ongoing support and customisation

Real Cost Comparison

A 200-person company paying ₹80/employee/month = ₹1.92 lakhs/year. If this saves 2 HR staff-days per month in payroll processing (at ₹30,000 salary = ₹2,880/day) + eliminates ₹4 lakhs/year in compliance penalties + reduces attrition by 5 people (₹40,000 replacement cost each) — the ROI in Year 1 is over 500%.

Step 4: Build Your Shortlist (Week 3–4)

Start with 5–7 vendors. Eliminate anyone who cannot clearly demonstrate:

- All your must-have features
- Specific India compliance for your states of operation
- Reference customers in your industry
- A clear, realistic implementation timeline
- A support model that works for your team

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Step 5: Request and Evaluate Demos (Week 4–6)

Never accept a canned demo. Always request:

- A live demo with your actual data (upload a sample payroll and see it process)
- Show us your PF ECR generation — does it produce a valid file?
- Show us how you handle Professional Tax for Karnataka and Maharashtra simultaneously
- Show us how an employee applies for leave on mobile
- Show us your compliance calendar and how you alert customers to new filings

Real Cost Comparison

Vendor says 'that feature is on the roadmap' for critical requirements. Vendor cannot show a live filing export. Implementation timeline is vague. Pricing changes significantly when you ask for a written quote. Support is only via email with 48-hour SLA.

Step 6: Check References

Ask for 2–3 reference customers who are:

- In your industry (or close to it)
- Similar in size
- Operating in the same states as you

Ask references specifically: Did payroll go live on time? Were there any compliance issues in the first 6 months? How responsive is support when there's a problem? Would you buy this software again?

Step 7: Negotiate the Contract

- Lock in pricing for minimum 3 years with a cap on annual increases
- Negotiate a data portability clause — you own your data and can export it at any time
- Get implementation timelines and go-live milestones written into the contract
- Ensure SLAs for support response and issue resolution are documented
- Negotiate free training for your HR team as part of implementation

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Step 8: Plan Your Implementation

HRMS pricing in India typically follows one of three models:

- Appoint an internal HRMS project champion (usually the HR Manager or HR Director)
- Plan data migration — employee master, historical payroll data, leave balances
- Run parallel payroll for at least one month before cutover
- Train HR team before go-live; train employees on self-service 2 weeks after go-live
- Set up a communication plan to inform employees about the new system

CHAPTER 9

YOUR HRMS IMPLEMENTATION ROADMAP

Selecting the right HRMS is only half the battle. A successful implementation requires planning, communication, and a realistic timeline. Use this roadmap as your implementation guide.

Pre-Implementation Checklist

Before your vendor begins implementation, ensure you have:

- Complete and validated employee master data (all employees, their details, joining dates, salary structures)
- Last 3 months' payroll data for migration and validation
- Leave balances as of the cut-off date
- Organisational hierarchy mapped and approved
- Pay structure matrix finalised (all allowance components, their taxability, PF applicability)
- Holiday list for current year for all locations
- Professional Tax registration certificates for all applicable states
- PF and ESIC establishment codes for all locations
- Bank account details for salary disbursement
- IT server/cloud infrastructure (for on-premise deployments)

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Month 1: Foundation and Configuration

Week	Activity	Owner
Week 1	Project kickoff, data handover, employee master upload	HR + Vendor
Week 1	Organisational structure setup, reporting hierarchy	HR
Week 2	Salary structure configuration, pay heads mapping	HR + Finance + Vendor
Week 2	Statutory compliance setup (PF codes, ESIC, PT state configuration)	HR + Vendor
Week 2	Leave policy configuration	HR + Vendor
Week 3	Biometric device integration and testing	IT + Vendor
Week 3	Parallel payroll run — Month 1	HR + Vendor
Week 4	Parallel payroll validation and reconciliation	HR + Finance
Week 4	HR team training (full-day session)	Vendor

Month 2: Go-Live and Stabilisation

Week	Activity	Owner
Week 5	Second parallel payroll run (if needed)	HR
Week 5	ESS mobile app rollout communication to employees	HR
Week 6	Formal Go-Live — first live payroll processed	HR + Vendor
Week 6	Employee orientation sessions for mobile app	HR
Week 7	First statutory filing from new system (PF ECR)	HR
Week 7	Issue triage and resolution sprint	Vendor
Week 8	Performance management module configuration (if applicable)	HR + Vendor

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Month 3 and Beyond: Optimisation

- Quarterly business review with vendor to assess usage and identify improvement areas
- Enable advanced modules (analytics, performance, recruitment) in phases
- Train HR team on new Labour Code features as state notifications come through
- Review compliance filing accuracy at 90-day mark
- Survey employee satisfaction with self-service app
- Set up automated compliance calendar alerts for next 12 months

Implementation Success Secret

The single biggest predictor of HRMS implementation success is the engagement of your internal HR project champion. Assign your most detail-oriented HR manager as the internal project lead. Their ownership — not the vendor's effort — determines whether go-live happens on time.

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Conclusion: Your Path to Smarter HR

India's HR technology moment has arrived. The businesses that thrive in the next decade will be those that invest in systems that free their HR teams from administrative drudgery and equip their leaders with data to make smarter people decisions.

Buying an HRMS is not just a technology decision — it's a commitment to your employees. It says: we value your time, we'll pay you accurately and on time, we'll make compliance your company's responsibility rather than yours to worry about, and we'll give you the digital experience you deserve.

The Indian market has excellent options. The key is to choose one built for India — one that understands the complexity of our compliance environment, the diversity of our workforce, and the specific needs of your industry.

Timelabs is ready to be that partner for you.

The Ultimate HRMS Buyer's Checklist

Use this 50-point checklist before making your final decision:

- Quarterly business review with vendor to assess usage and identify improvement areas
- Enable advanced modules (analytics, performance, recruitment) in phases
- Train HR team on new Labour Code features as state notifications come through
- Review compliance filing accuracy at 90-day mark
- Survey employee satisfaction with self-service app
- Set up automated compliance calendar alerts for next 12 months

Payroll Capabilities

- Multi-component salary structure support
- TDS computation (Old vs New Tax Regime per employee)
- PF calculation per new Wage Code definition
- ESIC contribution and challan generation
- Professional Tax (state-wise, all 28 PT states)
- Form 16 (Part A + B) generation
- Form 24Q e-filing support
- Full & Final Settlement automation
- Payslip generation (with customisable template)
- Bank file generation for salary disbursement

Attendance and Leave

- Biometric device integration (your specific device model)
- Mobile / geo-fenced attendance
- Shift scheduling and rotation
- Overtime calculation per applicable labour law
- All leave types configurable
- Leave carry-forward and encashment rules
- Leave calendar for team visibility

Compliance

- ECR generation for EPFO (test with your establishment code)
- ESIC monthly challan
- Labour Welfare Fund (your applicable states)
- Minimum wage alerts and enforcement
- Compliance due date calendar with alerts
- New Labour Codes configuration
- Audit trail for all payroll and HR actions

Employee Self-Service

- Mobile app (Android + iOS)
- Payslip download on mobile
- Leave application and tracking
- Investment declaration / Form 12BB
- Reimbursement claim submission
- Document upload capability
- Grievance / helpdesk module

Vendor and Commercial

- Reference customers in your industry
- Implementation timeline committed in writing
- Go-live support included in pricing
- Data portability clause in contract
- Compliance updates included (lifetime)
- Support SLA documented and enforceable
- Pricing locked for 3 years with escalation cap
- Parallel payroll run before cutover

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Technical

- Cloud-based (or on-premise option if required)
- Data stored in India (data residency compliance)
- ISO 27001 or SOC 2 certification
- Role-based access control
- Single sign-on (SSO) support
- API access for integrations
- Regular automated backups

About Timelabs

Timelabs is India's most trusted HR and payroll technology company, with over 25 years of experience building software purpose-built for the Indian regulatory environment.

From our first payroll software in 1998 to our current cloud-based HRMS platform, we have been on the frontline of every major HR technology and compliance evolution India has seen. Today, Timelabs powers HR and payroll for thousands of organisations across India — from 50-person startups to 50,000-person enterprises — spanning manufacturing, IT, retail, healthcare, BFSI, education, and construction.

Why Customers Choose Timelabs

- 25+ years of India-specific HR technology expertise
- Comprehensive compliance coverage — PF, ESIC, PT, TDS, new Labour Codes
- Fastest implementation in the category — live in 2–4 weeks
- Dedicated compliance team monitoring regulatory changes across all 28 states
- 24/7 support with same-day resolution SLA
- No hidden fees — compliance updates are free for life

Request a Free Demo	See Timelabs in action with a personalised demo tailored to your industry and company size. No obligations.
Free Compliance Audit	Not sure if you're compliant? Our experts will audit your current HR processes and identify risk areas — free of charge.
Contact Us	www.timelabs.in | sales@timelabs.in | 1800-XXX-XXXX (Toll Free)

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