

WHITE PAPER | KNOWLEDGE CENTER

Building an Offshore Development Center in India

Models, costs, timelines and governance for a successful India ODC

Operating models

Cost building blocks

6-month launch plan

Governance & compliance

AT A GLANCE

India is where the world builds its capability centers

An Offshore Development Center (ODC) is a dedicated team in India that works as an extension of your own organization. This paper shows how to choose the right model, what it really costs, how long it takes, and how to govern it.

2,117

Global Capability Centers (GCCs) operating in India

2.3 mn+

professionals employed by GCCs in India

~USD 100 bn

annual revenue generated by India GCCs

1,200+

GCCs with AI / ML capabilities

What this paper covers



1. Models

Five ways to build an India team, compared on speed, cost and control.

Pages 3-4



2. Costs

The building blocks of one seat, salary bands, statutory costs and levers.

Pages 5-6



3. Timeline

A realistic 6-month plan from decision to a productive team.

Page 7



4. Governance

Operating rhythm, KPIs, compliance calendar and key risks.

Pages 8-10

FIVE KEY TAKEAWAYS

1

Pick the model for year three, not month one. Speed-first models suit pilots; ownership models pay off as the team grows.

2

People are about 80% of the cost. Salary mix, location and attrition matter far more than rent or hardware.

3

Plan for 4-6 months to a productive team. Entity setup takes 7-10 weeks at best, and experienced hires often serve 60-90 day notice periods.

4

Govern it like a business unit, not a vendor. A clear three-tier rhythm and a small set of KPIs keep the ODC aligned with headquarters.

5

Compliance changed in 2025-26. The four Labour Codes, the Income-tax Act 2025 and the DPDP Rules 2025 all affect how an India entity operates.

1 | MODELS

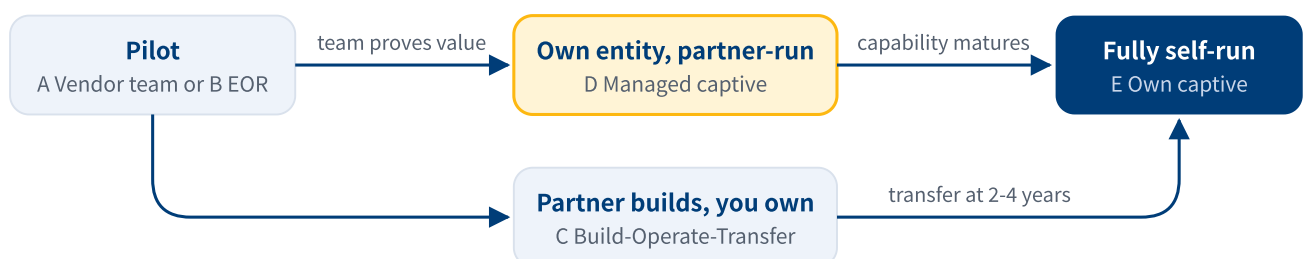
Five ways to build your India team

Every model trades speed and simplicity against control and long-term cost. Moving right on the scale means more ownership, more upfront effort and lower cost at scale.



* Plus the candidate's notice period. Durations are typical ranges; actual timelines depend on scope, city and hiring market.

Models are not a one-way door: common paths



1 | MODELS

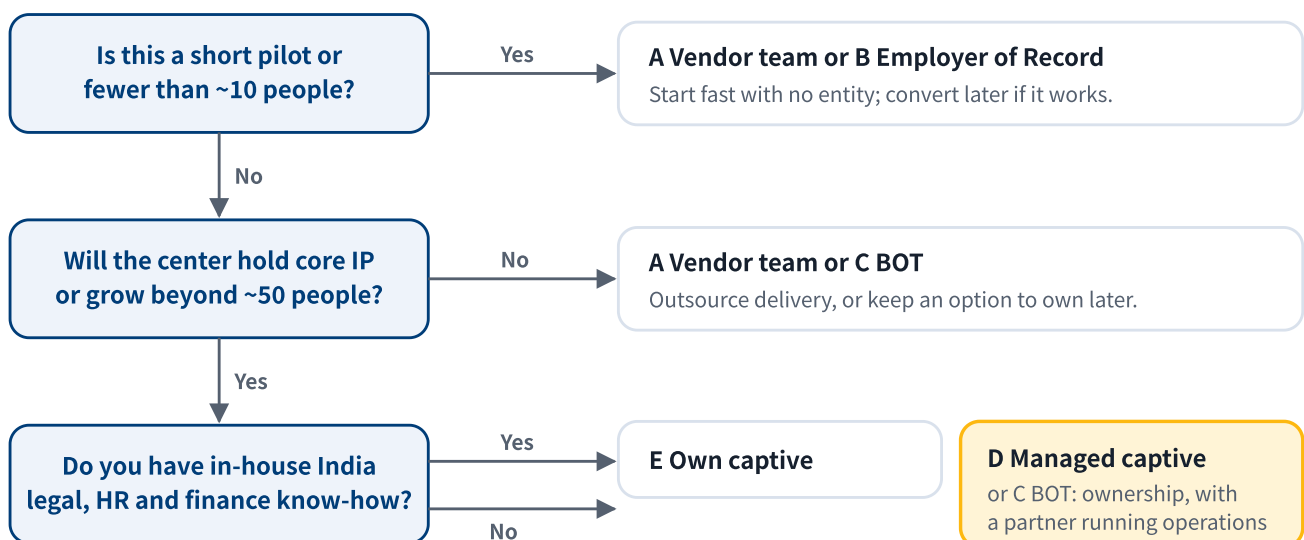
Compare the models, then decide

Score each model against what matters most to you. There is no single best model; there is a best model for your stage.

Criterion 5 dots = strongest	A Vendor team	B EOR	C BOT	D Managed captive	E Own captive
Speed to start	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Low upfront investment	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Control and IP protection	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Cost efficiency at scale	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Low management effort for you	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Path to full ownership	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●

Indicative assessment by BINSYST based on typical engagements. It is a starting point for discussion, not a scoring standard.

Quick decision guide



2 | COSTS

What one seat really costs

The fully loaded annual cost of one engineer is salary plus five building blocks. The example below uses clearly stated assumptions for a mid-level engineer in Pune.

Illustrative annual cost per seat (INR lakh)

■ People costs ■ Operating costs

Gross salary Mid-level engineer, Pune	15.0
Employer statutory costs PF, gratuity and others, ~13%	1.95
Management & support overhead HR, finance, compliance, leadership (10%)	1.5
Workspace 100 sq ft x INR 90 x 12 months	1.08
IT, software & connectivity Laptop, licenses, network	1.0

Fully loaded cost per seat **20.5**

1 lakh = 100,000. Assumptions: gross salary INR 15 lakh (mid-level, within the 3-5 year band); employer statutory costs at ~13%; 100 sq ft per seat at INR 90 per sq ft per month (Tier-1 range INR 74-125); IT and management overhead are BINSYST planning assumptions. Excludes GST, one-time setup and recruitment fees.

~83%

of the cost of a seat is people cost - salary plus employer statutory contributions. This is where planning effort pays back most.

Employer statutory costs

Item	Employer rate
Provident Fund (EPF/EPS)	12% of wages
Gratuity provision	4.81% of wages
ESI (only if gross pay is up to INR 21,000 per month)	3.25%
Statutory bonus (eligible lower-pay staff)	8.33% min.

Typical total loading: ~12-15% above gross salary. Under the Code on Wages, "wages" must be at least 50% of total pay, which raises PF and gratuity for allowance-heavy salary structures.

Salary bands move the total most

Experience	Indicative annual CTC	What drives the range
0-2 years	INR 4-22 lakh	Employer tier: IT services at the low end, product companies and GCCs higher
3-5 years	INR 12-50 lakh	Skill cluster: cloud and data command a premium over legacy stacks
6-10 years	INR 18 lakh - 1.2 crore	Role complexity: architects and engineering managers at the upper end

2 | COSTS

One-time costs and the levers you control

Budget in two parts: a one-time setup budget and a monthly run-rate. Then use six levers to keep the run-rate on plan.

One-time setup budget

Item	What to plan for
Entity & legal	Incorporation, apostilled documents, registrations, first-year secretarial and audit
Workspace	Security deposit and fit-out - or a managed office to avoid capex
IT & security	Laptops, network, licenses, VPN / zero-trust access, endpoint security
Recruitment	Agency fees or in-house recruiters, assessments, background checks
Transition	Travel, knowledge transfer and parallel running with headquarters

Tax at a glance

Topic	Key point
Corporate tax	~25.17% effective rate under the concessional regime (22% plus surcharge and cess)
New law	Income-tax Act, 2025 in force from 01-04-2026, replacing the 1961 Act
Transfer pricing	A captive ODC usually bills its parent at cost plus an arm's-length mark-up, backed by a transfer pricing study
GST	Services exported to the parent can qualify as zero-rated exports when conditions are met

Six levers that control run-rate

City choice

Tier-1 hubs pay 35-50% salary premiums over Tier-2 cities; Tier-2 office rents are roughly half of Tier-1.

Team pyramid

A balanced mix of senior, mid and junior engineers lowers the average cost per seat without hurting delivery.

Attrition

Every leaver costs recruitment, notice-period gaps and lost knowledge. Retention is a cost lever, not just an HR metric.

Salary structure

Design pay under the Code on Wages from day one to avoid later increases in PF and gratuity costs.

Workspace model

Managed or flexible offices trade a higher monthly rate for no capex and faster start.

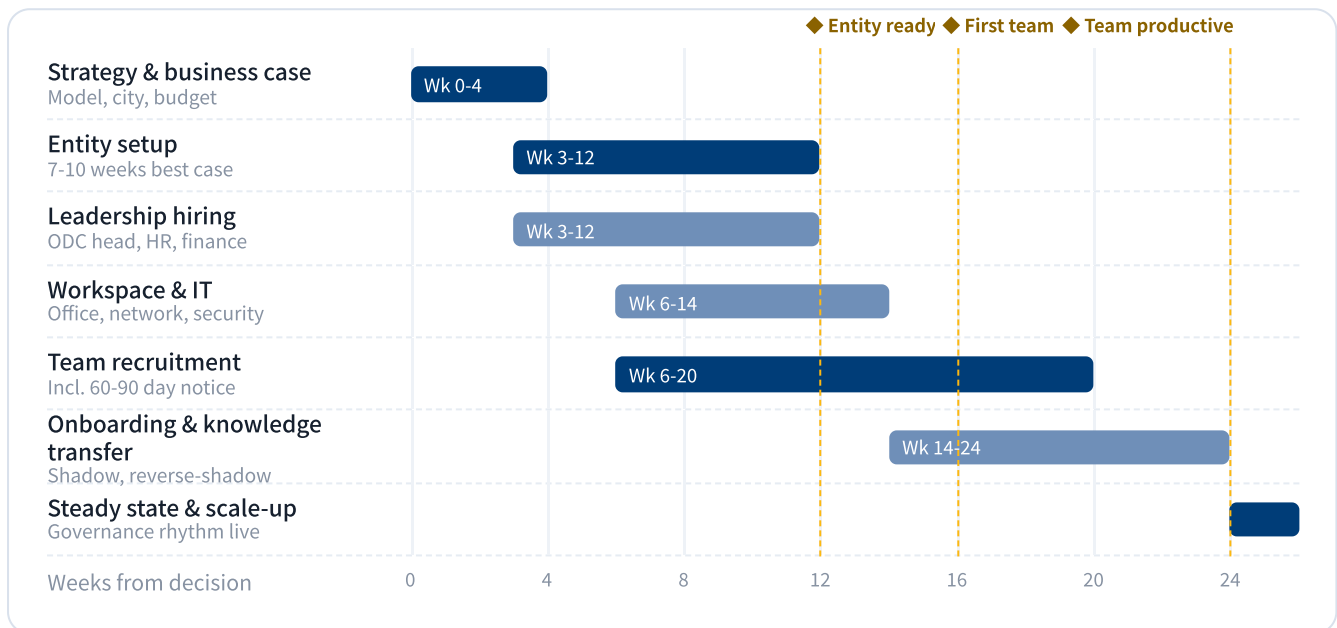
Ramp discipline

Hire against a confirmed roadmap. Idle seats in the first year are the most common budget overrun.

3 | TIMELINE

From decision to a productive team in about six months

A captive ODC of 20-50 people typically reaches operational readiness in 4-6 months. Running workstreams in parallel is what keeps it there.



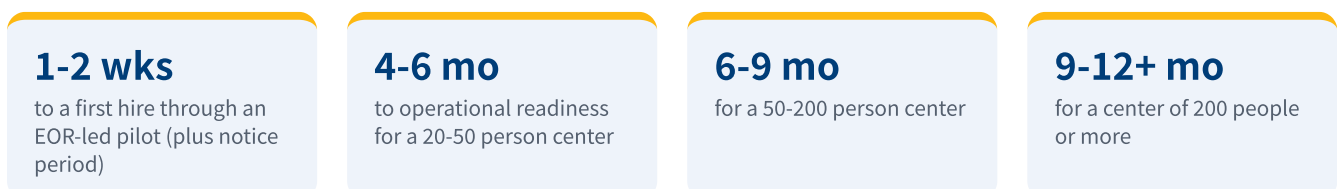
Indicative plan for a managed or own captive. Notice periods for experienced Indian engineers are commonly 60-90 days, so recruitment must start before the entity is ready.

Inside the entity setup: seven steps



End to end: 7-10 weeks in the best case; 12-16 weeks with delays. A private company needs at least 2 directors - one resident in India for at least 182 days in the financial year - and at least 2 shareholders. 100% foreign ownership of IT services companies is allowed under the automatic route, subject to the FDI Policy (including Press Note 3 for investors from land-border countries).

How size changes the timeline



4 | GOVERNANCE

Run the ODC like a business unit

Successful ODCs use a simple three-tier rhythm. Decisions flow down; issues escalate up with a clear owner and a clear deadline.

Steering committee QUARTERLY	WHO Executive sponsor at headquarters, ODC head, finance, partner lead	DECIDES Strategy and roadmap, budget and headcount plan, major risks, model changes
Operations review MONTHLY	WHO ODC head, delivery leads, HR, compliance owner	DECIDES KPI performance, hiring and attrition, SLAs, compliance status, escalations
Delivery sync WEEKLY	WHO Product owners at headquarters, team leads in India	DECIDES Priorities, dependencies, quality issues, blockers

Eight KPIs worth tracking from day one

TALENT Time to hire Days from approved requisition to accepted offer	TALENT Offer-to-join rate Share of accepted offers that actually join	TALENT Attrition Annualised voluntary exits; watch regretted losses	TALENT Engagement Pulse survey score, tracked every quarter
DELIVERY Throughput Work delivered per sprint or release against plan	DELIVERY Quality Defects found after release; SLA adherence	FINANCE Cost per seat Fully loaded cost against budget, every month	RISK Compliance status Filings on time; open audit and security findings

Practical tip

Keep the KPI set small and stable. Publish one page every month to the operations review and one trend view every quarter to the steering committee - the same numbers, at two levels of detail.

4 | COMPLIANCE

The compliance calendar for an India entity

A foreign-owned private company in India has fixed monthly, quarterly and annual obligations. Missing them brings penalties and, for RBI filings, FEMA violations.

Monthly	PAYROLL & TAX	Quarterly	RETURNS	Annual	CORPORATE
By 7th	Deposit tax deducted at source (TDS)	Quarterly	TDS returns	By 15-07	FLA return to RBI
By 15th	Deposit PF and ESI contributions	Quarterly	Board meeting - at least 4 a year, with no more than 120 days between two meetings	By 30-09	Annual General Meeting (within 6 months of year end)
Monthly	GST returns and payment	Quarterly	Transfer pricing and inter-company invoicing review	After AGM	ROC filings: AOC-4 within 30 days, MGT-7 within 60 days
Monthly	Professional tax (state law, e.g. Maharashtra)			Annual	Statutory audit, tax return and transfer pricing report

Financial year runs 01-04 to 31-03. Dates are standard statutory deadlines; confirm each year, as the government can extend or change them.

Laws that shape an India ODC in 2026



Companies Act, 2013

Incorporation, directors, board meetings, audits and annual ROC filings.



FEMA & RBI reporting

FDI rules, FC-GPR within 30 days of share allotment, annual FLA return.



Four Labour Codes NEW

In force from 21-11-2025: Wages; Industrial Relations; Social Security; Occupational Safety, Health and Working Conditions.



Income-tax Act, 2025 NEW

In force from 01-04-2026; covers corporate tax, TDS and transfer pricing.



DPDP Act, 2023 & Rules, 2025 NEW

Rules notified 13-11-2025; most obligations apply from 13-05-2027.



CERT-In Directions, 2022

Report specified cyber incidents to CERT-In within 6 hours of noticing them.

4 | RISKS

Six risks to plan for - and how to reduce them

Most ODC setbacks are predictable. Each one has a proven mitigation.

● Slow hiring	Start leadership hiring before the entity exists; plan backwards from 60-90 day notice periods; build a pipeline, not a vacancy list.
● Early attrition	Competitive, Code-compliant pay; clear career paths; real ownership of work, not just tickets handed over from headquarters.
● Weak knowledge transfer	Structured transition plan, shadow and reverse-shadow phases, documented runbooks, and travel budget for both directions.
● IP and data exposure	IP assignment in every employment contract; access control and monitoring; DPDP and CERT-In readiness built into IT from day one.
● Compliance gaps	One owner for the compliance calendar; monthly status in the operations review; annual external health check.
● "Us and them" culture	Shared goals and KPIs; India leaders in global forums; overlap hours agreed across time zones; regular visits both ways.

ODC readiness checklist

- | | |
|--|--|
| ☐ Business case and 3-year headcount plan approved | ☐ Operating model chosen (A-E) |
| ☐ City shortlisted on talent, cost and connectivity | ☐ Resident director and statutory auditor identified |
| ☐ Incorporation documents apostilled | ☐ Salary structures designed under the Code on Wages |
| ☐ Workspace and IT security architecture agreed | ☐ Transfer pricing policy and inter-company agreement drafted |
| ☐ Governance rhythm and KPI dashboard defined | ☐ DPDP and CERT-In readiness plan in place |

WORKING WITH BINSYST

One partner from first hire to a fully managed ODC

BINSYST combines the four services an India ODC needs, so you work with one accountable partner instead of many advisors.

SET UP**Offshore Company Management**

Incorporation, bank and RBI filings, office and IT setup, accounting, tax and local representation.

STAFF**Recruitment Services**

Leadership and team hiring, AI-assisted screening, background checks and onboarding.

RUN**Resource Outsourcing**

Dedicated offshore or onsite teams, with HR, payroll and compliance handled by BINSYST.

PROTECT**Governance, Risk & Compliance**

Compliance calendar, internal controls, information security and DPDP readiness.

Planning an ODC in India?

Book a consultation. We will map the right model, a cost estimate and a launch plan for your needs.

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Disclaimer. This white paper is general information for planning purposes, current as of 28-09-2026. It is not legal, tax or financial advice. Costs and timelines are indicative and vary by city, role, model and market conditions. Regulations change; confirm specific requirements with qualified advisors before acting.