

INTERNATIONAL FLOWER AUCTION BANGALORE LIMITED

STANDARD OPERATION PROCEDURES MANUAL

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Preface to Standard Operation Procedures (SOP) Manual of IFAB:

In current era, the standards of operations and quality of products of the company have gained more importance for the survival and growth of the organisation. The IFAB though having implemented the standards and quality aspects at its organisation feels that, those are not operating in an efficient and effective manner so as to achieve the desired objectives and goals. Hence, the IFAB is introducing this SOP Manual which speaks about the standards of operations and quality parameters that should be observed to achieve the goals and objective of the organisation.

This SOP Manual will provide the details about the goals and objectives, the functional and operational structure, roles and responsibilities of staff, code of conduct for buyers and growers, quality standards and many more aspects so that, the global standards in the field of product quality, operations, maintenance and administration are achieved by the International Flower Auction Bangalore Limited (IFAB).

This SOP manual will be a key informative guide to establish and meet the global standards in the field of product quality, operations, maintenance and administration of the IFAB. The standards as set-out in this manual if implemented effectively and operated efficiently will provide a best means of achieving the goals and objectives of the IFAB.

1. About the International Flower Auction Bangalore Limited (IFAB):

Introduction:

The IFAB is an Unlisted Public Limited Company, registered under the Companies Act, 1956 on 1st May, 2002 with Registrar of Companies (ROC), Karnataka. Currently the stake holding of the company is 51% by the South India Floriculture Association (SIFA) and 49% by Karnataka Agro Industries Corporation (KAIC) Limited, Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC) and other small growers.

IFAB provides a forum wherein the flowers and other floriculture produces are bought and sold by the members of the IFAB through the auction process. It collects the commission at 3.5% (or such other percentage of commission as decided by the BOD from time to time) from the growers/sellers and 1.5% (or such other percentage of commission as decided by the BOD from time to time) from the buyers on the transaction value for the transaction carried on at IFAB. IFAB is funded by APEDA for the capital expenditures and other infrastructures. IFAB is managed by its Board of Directors (BOD) which is described in detail under 'Management Structure' caption below.

In the recent era, Cut-flower production and distribution is one of the most successful sectors of the Indian Economy. IFAB is one of the auction places in India where variety (majority of Rose) of flowers are being auctioned, where buyers from various exporters, wholesalers and retailers participate daily in the IFAB flower auctions to purchase flowers which are then repackaged and

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resold to end consumers or retail stores. The IFAB has a sound base of 150 number of registered growers, who supply the flowers to the IFAB auction and it has over 130 number of registered buyers. The IFAB with its set-out goals and objectives established by various stake holders of the flower market as a Company in 2002 and in recent years the activities of the IFAB are growing at a rapid rate to achieve its goals and objectives and to become a well known flower auction place at the global level.

Vision and Mission of IFAB:

IFAB's vision is "To showcase the flower potential of IFAB through auctioning of all kinds of flowers and floral accessories and to link reputed Auction Centers of the World through e-auctioning of flowers"

IFAB's mission is to be the most successful flower auctioneer in the world at delivering the best consumer experience in markets it serves which enables IFAB to meet consumer expectations of Highest quality, consistent supply, Competitive pricing and Superior corporate citizenship.

Objectives of IFAB:

The IFAB has its own set-out objectives for which it has been established. The main objectives include:

- Purchase, acquire, maintain agricultural land and to cultivate Floriculture, Horticulture crops
- Buying, Selling and Auctioning of floriculture, horticulture products by setting up Auction Halls, Marketing Centre, Retail outlets in India / Overseas for small growers and for South India Floriculture Association
- Construct, Build Equip cold storages, refrigerators, etc for storing & preserving floriculture products
- Carry on business of buying, selling, marketing, importing, exporting, distributing, farm inputs, seeds, plants, bulbs, fertilisers, chemicals, bud nets, wrappers, poly house, green house, irrigation systems, fertigation systems, etc.

2. Organisational Structure of IFAB:

Management Structure of IFAB:

The Management Board of IFAB consists of total 12 members, appointed by various segments of stakeholders of the Company. The composition of the Board is as follows:

1. Chairman of the Board – Person holding the post of Development Commissioner with Government of Karnataka and appointed by Government of Karnataka;
2. Managing Director of the Board – Appointed by the Government of Karnataka on deputation basis
3. Other Members of the Board

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There are 10 members who are appointed in the following manner:

- Grower Members – 6 members are appointed by the SIFA
- Small Grower Members – 2 members are appointed by the small growers association of the IFAB
- KAPPEC Member – 1 representative member is appointed by the Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC)
- APEDA Member – 1 representative member will be appointed by the APEDA.

Functional Structure of IFAB:

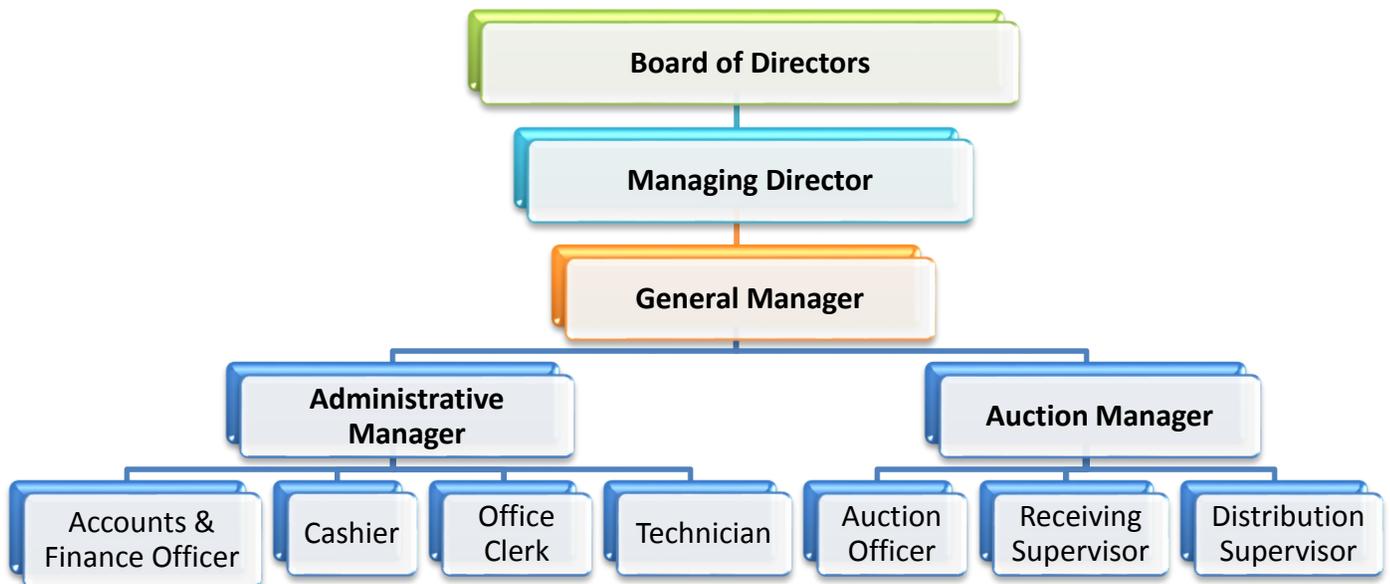


Chart Showing Functional Structure of IFAB

Scope/Roles and Responsibilities of each functional/ area head:

Managing Director:

The Managing Director is a Government of Karnataka official of the rank of Joint Secretary or above or such other person as per the decision of the Government of Karnataka and is deputed to IFAB to oversee the day to day operations of the company.

The MD's functions include the following:

- Design, develop and implement the strategic plan for the company
- Responsible for day-to-day running
- Develop business plans for long term future of the company
- Improve profitability of the organization by proper planning, budgets, strategies and proper utilization of all company resources like manpower, assets and also the customers of the Company

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General Manager:

The General Manager (GM) is the lower authority to the Managing Director of the Company. The GM is responsible for overall management of the Company as a whole comprising of both operating and administrative works. He receives the orders from the BOD and MD and empowered to deliver orders to the Administrative Manager, Auction Manager and other support staff. The specific roles and responsibilities include:

- Monitoring overall operations of the Company
- Responsible to report to MD.
- Responsible to take suitable decisions and actions for smooth working of day to day operations
- Exercise discretionary powers as necessary for the day to day operations of the Company. In case of important decisions to be taken, he should consult the MD and Management Committee.

Administrative Manager:

The Administrative Manager (AM) is the lower authority to the General Manager of the Company and is of the same hierarchy as that of Auction Manager (AUM). The AM is responsible for controlling day to day administrative activities of the Company. He receives the orders from the BOD, MD and GM and empowered to issue instructions to the subordinate staff as per Organisational requirements from time to time and within the framework of the guidelines stipulated by the IFAB management. The specific roles and responsibilities include:

- Controlling day to day administrative activities of the company
- Responsible to ensure that books of account, cashier records, buyer records and growers records are properly maintained and regularly being updated.
- Responsible for overall monitoring of the staff timings, behavior, performance and overall work culture.
- Responsible to ensure that growers payments are made in time
- Responsible to determine the Security Deposit payable by the Buyers and Growers and to ensure that the security deposits as determined are collected. He/ She are also responsible for periodic monitoring and revising the security deposit amount.
- Conduct and Manage BOD meetings, Growers meetings and buyers meeting at regular intervals of time.
- Responsible to ensure that, the policies and procedures of the Company are adhered by the staff, buyers and growers in the day to day operations of the company.
- Responsible to ensure that, all statutory rules, regulations and provisions are adhered to and the statutory liabilities are being discharged in time.
- Responsible for mobilizing more growers and buyers for the auction from South Indian states.
- Responsible for arranging direct sale of flowers based on queries obtained through telephone, internet, mail etc.
- Responsible to build cordial relationship with the buyers/ growers/ staff of IFAB and public at

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large.

- Responsible for overall monitoring of the day-to-day operational activities related to the IFAB administration viz.,
 - o Management of auction and administrative manpower.
 - o Managing the problems that occur through Electronic Auction System (EAS) as and when noticed.
 - o Registration, renewal and cancellation of membership of growers and buyers.
 - o Cash management and remittances to the bank and weekly growers' payment.
 - o Organizing growers/ buyers/ interactive meeting on a regular basis.
 - o Release of payments to growers on weekly basis and to the suppliers of materials and services, farm inputs etc as and when required.

The Administrative Manager shall take charge as Acting General Manager during the absence of the General Manager and till such time the General Manager is appointed.

Auction Manager:

The Auction Manager (AUM) is the lower authority to the General Manager of the Company and is of the same hierarchy as that of Administrative Manager (AM). The AUM is responsible for controlling day to day auction operations and activities of the Company. He receives the orders from the BOD, MD and GM empowered to issue instructions to the subordinate staff as per Organisational requirements from time to time and within the framework of the guidelines stipulated by the IFAB management. The specific roles and responsibilities include:

- Controlling day to day auction procedures of the company
- Responsible to ensure that books of accounts, cashier records, buyers records and growers records are properly maintained and are regularly being updated
- Responsible to overall monitoring and controlling of the activities and behavior of the buyers and growers at the auction hall.
- Responsible to ensure that, receipt of flowers for the next day auction are entered serially in the system at the end of the day itself, except in case of unavoidable circumstances.
- Ensure that, cold-room is kept open for inspection by the buyers at every day morning by 7:30 am. To 8:15 am
- Ensure that the auction procedure starts at 8:30 am every day.
- Ensure that, lots are moved from the cold room to the auction hall only for display according to the serial number allotted as the auction starts.
- Ensure that, growers and buyers flowers stored in the cold room are not being kept at the same place.
- Responsible to ensure that, the policies and procedures of the Company are adhered by the staff, buyers and growers in the day to day operations of the company.
- Responsible to ensure that, cut flowers are maintained properly by the Company. i.e., to ensure that, temperature at cold storage room is maintained properly and is kept clean condition, cut-flowers are being handled properly, dispatch of flowers is done after proper verification and

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valid documents are scrutinised before the packages moved from distribution hall and despatch vehicle leaves the premises of the Company.

- Responsible for overall monitoring of the day-to-day activities related to the flower auction viz.,
 - o Receiving of flowers
 - o Grading and quality check
 - o Image management at auction clock
 - o Cold storage management
 - o Auction management
 - o Flower distribution management
 - o Flower packing and processing
 - o Dispatch of flowers
 - o Planning for next day's auction.

Accounts and Finance Officer:

The Accounts and Finance Officer (AFO) is responsible for accounting day to day transactions and activities of the Company. He is responsible for maintenance of books of accounts and records of the company. The specific roles and responsibilities include:

- Maintenance and regular updating the books of accounts and records.
- Review of books of account and cashier records.
- Ensure that all cash collections are being deposited regularly to the bank at the end of the day.
- Ensure that, major expenses are being properly approved by the MD/ BOD.
- Ensure that, petty cash expenses are properly approved and are within the limit.
- Responsible to ensure that, all statutory rules, regulations and provisions are adhered to and the statutory liabilities are being discharged in time.
- Responsible for ensuring that cash and Cheque collections, advance collections and growers payments are made regularly and are accounted properly
- Ensure that, cash and bank accounts are reconciled on daily basis.
- Responsible to make the penal charges entries and adjustment of growers and buyers accounts in case of penal charges are collected and informed by the Administrative Manager.
- Responsible to ensure that, periodic internal and statutory audits should be completed in time and the audit observations are complied regularly.

Cashier:

The Cashier is responsible for maintaining day to day cash transactions and activities of the Company. He is responsible for maintenance of relevant books and records relating to the cash transactions of the Company. The specific roles and responsibilities include:

- Collection of cash/ cheque from the buyers for the flowers bought as per the billings generated
- Collection of advance from the buyers for the flowers to be bought
- Issue of receipt for the advance and payments received against the billings.
- Adjustment of buyers advances.

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- Maintenance of cash/ cheque records and daily reconciliation for the same.
- Maintenance of Cash Book as per commercial norms and updating on daily basis
- Depositing of daily cash collections to the Bank at the day end without any delay, except in case of unavoidable circumstances.
- Ensure that, the cash account is reconciled on daily basis.
- The cash hours of the cash counter will be from 7.30 AM to 4.30 PM with 1 hour lunch break.
-

Office Clerk:

The Office Clerk is responsible for maintaining day to day office administrative transactions and activities of the Company. He is responsible for maintenance of relevant books and records relating to the buyers, growers, office records and other relevant documents of the Company. The specific roles and responsibilities include:

- Maintenance of Buyers and Growers records
- Maintenance of office records like, attendance register, salary register, meeting register etc.
- Maintenance of records of communications with the buyers and growers

Technician:

The Technician is responsible for maintaining the computer systems, software and hardware and maintaining the auction clock, cameras and other technical devices of the Company so that, the operations of the company are carried on smoothly. The specific roles and responsibilities include:

- Management of IFAB flower auction database with statistics of auction on daily, weekly, yearly and any other duration requested by the IFAB management.
- Providing technical guidance / training to the new entrepreneurs, growers and buyers and information to the students and visitors about the systems in operation for conduct of operations of IFAB.
- Maintenance of computer systems hardware and software
- Maintenance of auction clock and related devices
- Maintenance of cameras and related devices
- Ensure that all technical devices of the company are in operation and are maintained properly.
- Ensure that cold storage room & electrical panel boards etc are operating efficiently and are maintained properly.
- To co-ordinate for maintenance with Annual Maintenance Contractors, if any, as and when required
- Participating in the flower exhibitions, workshops, seminars etc.

Auction Officer:

The Auction Officer is responsible for conducting the day to day auction procedure of flowers of the Company. He is responsible for smooth carryout of the auction procedure of the Company. The specific roles and responsibilities include:

- Ensure that, all flower receipts are entered into the system before the auction starts.

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- Ensure that, cold-room kept open for inspection by the buyers at every day morning by 7:30 am.
- To call the growers products serially in the sequence of their arrival at the IFAB and conduct the auction for each grower
- To fix the maximum price for the flower stem based on the historical data and the market demand
- To cancel the bidding in consultation with the Disciplinary Action Committee after their approval in genuine cases where the problem of quality exists.
- Responsible for the overall smooth working of the auction procedure.

Receiving Supervisor:

The Receiving Supervisor (RS) is responsible for controlling the day to day operations of flowers received at the Company. He is responsible for checking the quantity of the flowers and make segregation on the basis of the same. The specific roles and responsibilities include:

- Ensure that, the entries are made in the register of flower arrivals serially on the basis of arrival of consignment at the premises of the IFAB and the serial numbers are issued to each of such arrivals.
- Check the Delivery Challan (DC) of the grower with the actual quantity and specifications received.
- Issue an acknowledged copy of the DC to the grower with inward serial number and keep one copy such DC for records
- Maintain Inward Register for all Stock / Flower receipts
- Check the quality of the flowers as per the quality standards of the Company and report any major deterioration in the quality standards to the Auction Manager, Quality control supervisor, MC and to the grower.
- Ensure that the flowers received are moved to cold storage room immediately without any time delay
- Ensure that the flowers are being handled carefully and are arranged properly at the cold storage room
- Ensure that the cold storage room temperature is maintained between 2° to 4° C and the room is kept in clean condition.
- Ensure that, the flower arrival are entered into the system regularly at the day end only and is kept ready for the next day's auction.
- Control and manage the behavior of the staff and the growers at the flower arrival platform.

Quality Control Supervisor:

The Quality Control Supervisor is responsible for ensuring that the quality of Floriculture products is maintained as per organizational / buyers' requirements. The specific roles and responsibilities include:

- Establishing standards for quality of flowers to be supplied by growers

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- Verification of flowers supplied by growers on daily basis
- Grading of flowers as per prescribed standards
- Intimate growers about grading, quality issues, immediately after grading process to enable growers to adhere to quality issues. Simultaneously report any major deterioration in the quality standards to the Auction Manager and MC.

IFAB may also utilise the services of the AHO (Horticulture Department) deputed by Government of Karnataka to frame guidelines for Quality Control Policy to be followed by IFAB

Distribution Supervisor:

The Distribution Supervisor is responsible for controlling the day to day operations of flowers distribution at the Company. He is responsible for checking the quantity and quality of the flowers and make distribution on the basis of the same. The specific roles and responsibilities include:

- The distribution supervisor should be present at cold room for flower inspection from 07:30 am to 08:15 am.
- The distribution supervisor should check the list of the growers and buyers for same day auction through computer between 08:20 am to 08:30 am
- Ensure that, auction for a particular lot is completed and the list of buyers with quantity is generated.
- Ensure that, buyers should not themselves get into the work of distribution.
- Ensure that, flowers are being handled carefully by the supportive staff and are distributed by the IFAB staff only in the Distribution Hall.
- Distribute the flowers to the buyers based on the sequence of bidding by each buyer and keeping in mind the quality of the product.
- Ensure that, accurate quantity of flowers are being distributed to each buyer
- Ensure that, accurate buyer lot is given to the concerned buyer and buyer should check the flowers before going for packing.
- Report any discrepancy in the quality of the flowers to the auction manager and if circumstances needs provide information to Auction Manager about deviations and suggest cancellation of the bid in consultation with Auction Manager and Disciplinary Action Committee after their approval.
- Control and manage the behavior of the staff and buyers at the distribution hall.
- The distribution supervisor should verify and check the details of flowers to be sent back to growers with the DC of the IFAB and the actual flowers ready to send back.
- Update the particulars of flowers returned to the growers in the system at the end of the day.

Roles and Responsibilities of Committees:

The IFAB shall have the following Committees to ensure smooth functioning of the Company and its' operations:

- o Management Committee (MC)

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- Audit Committee (AC)
- Disciplinary Action Committee (DAC)

The roles of various committees are discussed below.

The Management Committee (MC):

The Management Committee shall comprise of the Managing Director and 2 Directors (represented by SIFA members). The MC shall meet regularly to decide about the overall functioning of the Company. The following are the duties of the MC:

- Creating of efficient management structure
- Establish policies for operations of the company
- Review
- of policies to meet company objectives
- Formulate Capital and Revenue Budgets
- Review performance of all managerial and other staff
- Estimating Manpower requirement and ensure adequate trained manpower is available
- Design training requirement and review the same from time to time
- Selection of suitable staff and deputing them for IFAB specific training
- Perform other oversight functions as requested by the full board
- Reporting to full board as required

Audit Committee:

The Audit Committee shall comprise of the Managing Director and 2 Directors (represented by SIFA members). The AC shall meet regularly to decide about the overall functioning of internal controls of the Company. The following are the duties of the AC:

- Creating of adequate & efficient internal control system.
- Monitor the operations of and strengthen the internal control system.
- Appoint the suitable person as Internal Auditor to audit the day to day operations of the IFAB. The internal auditor may be a Chartered Accountant/ a Consulting firm having adequate experience in handling the internal audit of companies/ a person having adequate experience in the relevant filed.
- Remove the Internal Auditor, if the circumstances requires.
- Recommend the appointment (or reappointment) of independent auditor and negotiate the fees etc.
- Receive, evaluate and analyze the compliance given by the staff of IFAB for the queries noted during the internal or statutory audit.
- Management of risk relating to internal control system.
- Meet the compliance requirements of various regulatory provisions.

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- Periodic review of the financial position and status of the companies operations.
- Perform other oversight functions as requested by the full board
- Reporting to full board as required

Disciplinary Action Committee (DAC):

The composition, duties, powers and scope of DAC are discussed in detail under point no. 8 “Complaint handling, objections and appeals” caption.

3. Operations of the IFAB:

Process/ Activity Chart Flow of the IFAB:

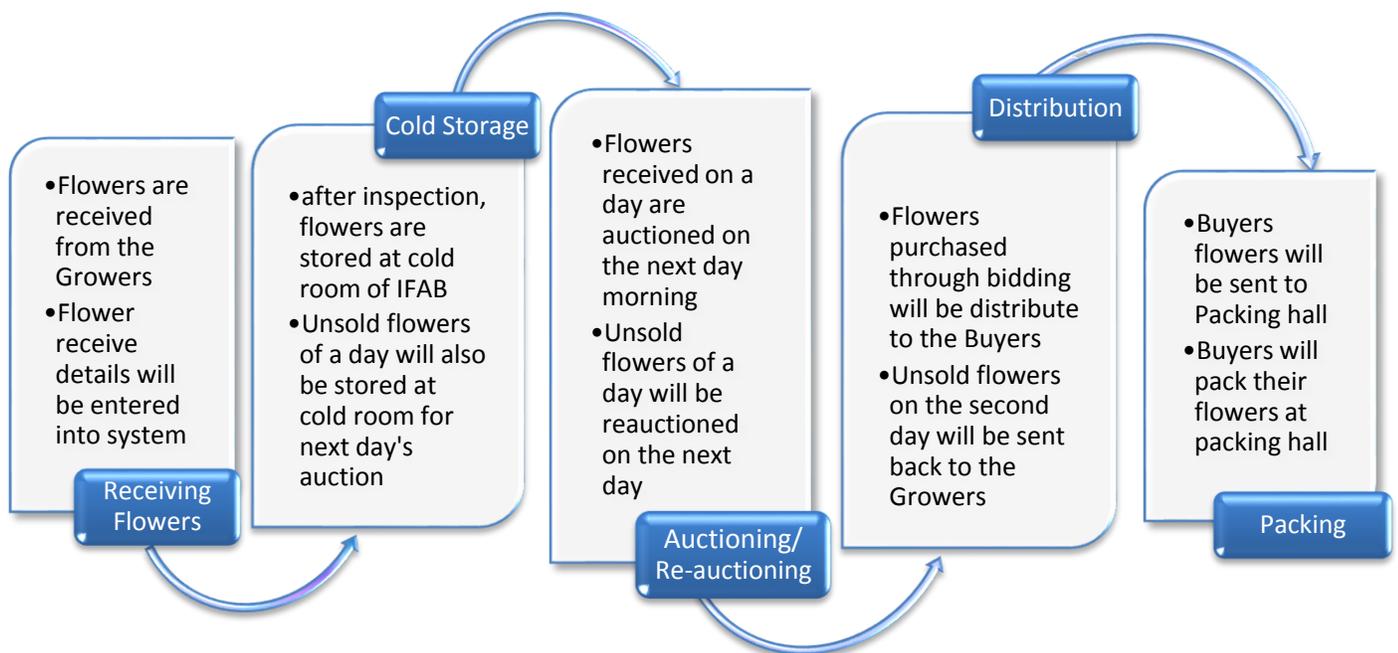


Chart Showing Process/ Activity Flow of IFAB

Receiving the flowers:

Growers located in and around Bangalore and also different parts of South Indian states (Karnataka, Andhra Pradesh, Tamil Nadu, Kerala) can supply the Flowers to IFAB. The procedure for receiving the flowers at IFAB is as follows:

- The grower should take an entry pass from security for keeping the flowers as soon as they arrive at the premises of the IFAB, which will be considered as serial number for auctioning on the next day.
- **Timing of acceptance of flowers:** Flowers should be accepted for next day auction from 10:30 am onwards of each day according to serial arrival time. The timings of acceptance are 10:30 am to 05:30 pm for next day auctioning and 07:30 am to 08:30 am for same day auctioning.

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- Once flowers are kept at IFAB arrival platform by growers, the arrival supervisor should check the quantity according to stem length, variety and quality with the help of the support staff.
- Supervisor should also check the number of buckets or crates according to grower's Delivery Challan (DC), make the rectifications if any, then he should sign the DC and allot the batch number to the grower based on the arrival priority. One copy of the DC should be given to the grower and another should be documented at IFAB.
- Once the serial number has been allotted, the lot should be kept in Trolley and immediately sent to the cold room which is in running condition.
- The arrival supervisor should enter the details of the flowers received in the system according to the serial number of the grower.
- The auction manager should check frequently the job done by the receiving supervisor.
- The auction manager, auction officer and the receiving supervisor should check the list of growers, quality, quantity and entry summary from 03:30 pm onwards.
- The grower has the option to withdraw the whole quantity of flowers from the auction process at IFAB before the commencement of auction by paying the average commission of the day.
- The Auction Manager to ensure that no other flowers or goods are stored in the Cold Storage room apart from the flowers received for auction from the growers.

Auction of flowers:

IFAB has deployed 'Dutch auction' system in which the Digital Auction Clock runs in the decreasing order and the price per stem reduces from maximum to minimum. The minimum/ base price is fixed by the grower / supplier while the maximum price is fixed by IFAB, considering the demand for flowers. Only the registered sellers and buyers are allowed to participate in the auction. The auction starts at 8.30 AM everyday and runs till the stock is cleared. One special feature of IFAB is that the auction is done on all 365 days in a year, in order to help sellers and buyers in maintaining continuity in their business.

A very wide and deep assortment of flowers is available through the IFAB auction clocks on a daily basis. Approximately, 1,000 auction transactions are observed every day. On an average, 1 lakh flower stems are being traded every day.

IFAB is planning to deploy following types of advanced auction systems to attract more new buyers located at far away places.

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Remote Buying:

In order to take advantage of new market demand, economic developments and technological possibilities, IFAB invests a great deal in the system of sale through the clock. For example, IFAB offers dealers sophisticated facilities for online buying: Remote Buying. With the help of such services as Remote Buying, IFAB is able to attract an increasing number of (international) buyers to the auction. And the stronger the 'purchasing power', the more attractive it is for growers to trade their products through IFAB.

Image Auctioning:

In the case of image auctioning, flowers no longer appear in front of the clock but photographs of the products are displayed in the auction rooms. The main advantage is that flowers and plants can be taken out of the cold stores to the customer immediately after they are sold.

Access to Auction Hall:

The Auction hall is only accessible to registered Buyers, Growers and the staff of the IFAB. Offices and other corporate rooms to be indicated by Management that are being used by IFAB itself shall only be accessible to Users and Third Parties with the permission and under the supervision of a competent official of the IFAB.

Procedure of Auction of Flowers:

Flowers are being supplied by growers from in and around Bangalore as well as from different parts of South India. Similarly the buyers for bidding at auction also come from Bangalore and different parts of the country. The procedure for auctioning the flowers at IFAB is as follows:

- The auction manager should check the condition of the cold storage room like operation, temperature, dryness of the floor etc. at 08:00 am every day.
- The auction manager should open the cold storage room to buyers for inspection of the flowers from 07:30 hrs to 08:15 hrs in front of auction officer, distribution supervisor or receiving supervisor.
- The auction officer should check the number of growers, volume and other relative entries through the computer before starting the auction.
- The auction officer and the technician should check the auction clock, connecting software, bidding terminal condition etc before auction starts.
- The auction officer should check the number of bidders and welcome them to participate in auction.
- The bidders should be seated in the allotted chairs by 08:20 am and should be ready to bid.
- The auction officer should start the auction by 08:30 am and continue till 10:45 am

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- Tea break will be there from 10:45 am to 11:00 am.
- The auction has to be carried out for the remaining volume from 11:00 am.
- As and when the auction completes for a lot of flowers, respective lots should be sent immediately to the distribution hall without intervention of the buyers or growers.
- After the completion of auctioning of each batch, the information should be given to the respective growers immediately via e-mails and SMS.
- Grower has the right to keep the base price for each variety of flowers.
- The flower lots once bid cannot be cancelled except in case of quality deterioration; stem length variation etc. The decision of the Disciplinary Action Committee shall be final and binding on both the growers and buyers.
- The cancellation in above cases is also to be done in consultation with the auction manager and the DAC. The decision about bid cancellation on account of quality issues should be immediately intimated to the concerned Grower.
- Any problem that arises during the auction time should be immediately informed to the auction manager.
- The auction manager should be available daily at auction hall during auction time i.e. 08:30 am to 12:30 pm. and shall also be available for addressing grower queries.
- **Re-auction of unsold flowers on the next day:** The unsold flowers of a particular day have to be re-auctioned on the immediately next day after completing the auction of that days flowers. The flowers of a particular day which are unsold on the next day also should be sent back to the growers with the delivery challan entering the details of the flowers sent back to the grower.

Distribution and re-sending of un-sold flowers:

The buyers for auction come from Bangalore and different parts of the country. The procedure for distribution of flowers at IFAB is as follows:

- The distribution of the flowers should be done only in the distribution hall after the completion of the auctioning of each lot. And buyers should not be allowed to engage themselves in the distribution process.
- IFAB has allotted individual compartments/ places for the buyers to keep their purchased flowers in the distribution hall and the distribution supervisor should keep their flowers only in these places for distribution with the help of support staff. In case of any unsold flowers of a particular batch, they should be returned back to cold room with proper tag to respective grower.

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- The buyers should pay the amount in the cash counter once they bid for the flowers, then check the flowers in the distribution hall, pack their produce purchased in the auction in the packing hall and show the paid receipt to the security and then they can take the flowers from the distribution hall.
- The buyers can use the packing hall to make their packing of flowers till 05:00 pm or up to 2 hours after the completion of auction.
- During auctioning and distribution time, the distribution supervisor and security personnel should take care of the distribution hall till the completion of the auctioning and distribution. The distribution supervisor should verify and check the details of flowers to be sent back to growers with the DC of the IFAB and the actual flowers ready to send back.
- The distribution supervisor should update the particulars of flowers returned to the growers in the system at the end of the day.

Handling of Buyers flowers:

In case the buyer also wants to keep his purchased flowers at cold storage room, he can do so with the prior approval of Administrative manager through a proper Delivery Challan (1+1) in duplicate by paying an additional amount towards maintenance cost. The amount charged will be Rs. 2 per day for each bunch of flowers kept at the IFAB cold storage room.

The amount as calculated above for the estimated number of days must be deposited at cash counter in advance and the difference will be settled at the time of removal of goods from the cold storage room.

Before taking the buyers flowers into the cold storage, the auction manager/ receiving supervisor should check the proof of payment made and then allow for storage. It should also be kept in mind by the receiving supervisor that, buyers' flowers and growers' flowers should not be kept at the same place/ cold-storage room.

4. Documentation and Record Keeping:

Maintenance of Growers Records:

The following data relating to each grower should be maintained separately by the office clerk:

- Master data of growers which contains details as to full name of the concern, owner's name, contact address, phone no., e-mail id, date of registration, Bank details etc. should be maintained and updated regularly. He should also collect from the grower a Growers' Certificate issued by the Horticulture Department.
- Growers' project size allocation and acreage of planting, variety of flowers to be updated
- Supplies data which contains the performance of the growers throughout the year. i.e., the day wise and summary of number and variety of stems supplied by each grower, quality defect problems etc. should be maintained and updated regularly.

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- Grower settlement data which contains the details as to settlement of the growers' payments, deductions, and penalties should be maintained and updated regularly.
- The office clerk should also maintain the record as to the reasons for cancellation of bidding which is given by the buyer in writing. He should also arrange for dispatch of a copy of the same to the grower for his intimation.
- A log book to be maintained to record the number of withdrawals before bidding.
- Growers certificate issued by horticulture dept / RTC issued by revenue department to be provided. In case of leased land, copies of agreement to be furnished along with membership application.

Maintenance of Buyers Records:

The following data relating to each buyer should be maintained separately by the office clerk:

- Master data of buyers which contains details as to full name of the concern, owner's name, contact address, phone no., e-mail id, date of registration, Bank details etc. should be maintained and updated regularly.
- Purchase data which contains the performance of the buyer throughout the year. i.e., the day wise and summary of number and variety of stems purchased by each grower, quality rejection problems etc. should be maintained and updated regularly.
- Buyer payments data which contains the details as to settlement by the buyers for the flowers purchased, other payments, and penalties should be maintained and updated regularly.
- The office clerk should also maintain the record as to the reasons for cancellation of bidding which is given by the buyer in writing.
- A log book to be maintained to record the number of cancellations.
- A record of any defaults in making payments and the penalty paid should be maintained which may be collected from the cashier.

5. Buyers:

Buyers Registration:

- a. Every person/ organization who/ which desirous to purchase flowers and other floriculture products at the IFAB by participating in the auction process has to be registered with the IFAB by paying the stipulated membership fees as may be stipulated from time to time vide Annexure I. Also the KYC norms as mentioned in Annexure II should be complied with by all buyers along with that, they have to provide Bank statement for last six months of date of application.
- b. IFAB is providing Bidding Mobiles to all buyers to enable them to bid for flowers using the bid mobile. Buyers have to pay a sum of Rs.5000/- as Security Deposit towards the same.

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Payments to IFAB for flowers purchased:

Every person/ organisation who/ which has purchased flowers and other floriculture products at the IFAB auction has to make the payment in cash at the cash counter immediately for the purchase price and the commission at 1.5% (or such other percentage of commission as decided by the BOD from time to time) of the purchase price and take the delivery of flowers. A person/ organisation can also make the payment through cheque if he/ it is specifically approved by the Management Committee in writing by stipulating the conditions thereto. The buyer should adhere to the conditions as stipulated in the letter of permission to make the payments through cheque.

The buyer is required to make the payment for flowers purchased immediately i.e., he should make the payment within 1 hour of the closing of the auction process. Delayed payments will entail differential fees as per clauses of Differential Fees clause.

Differential Fees Provisions:

- Every buyer who willfully without any proper reason for cancellation, cancels the bidding, he shall be penalized as decided by the DAC in consultation with the Auction Officer and the Auction Manager.
- The penalty would be the amount of difference between the bidding price which is cancelled and the bidding price of the fresh auction of the cancelled bidding. However, the power is given to the DAC to decide upon the matter on case to case basis.
- Except in situations where the bidding process closes after 3.30 PM, if any buyer makes the payment after 3.30 PM but before the close of the cash counter for the day, he will have to pay an additional amount equivalent to 0.25% of the value of the flowers purchased subject to a minimum of Rs.100/- as penalty for late payment.
- Similarly if the payment is made on the next day of purchase of flowers, he will have to pay a penalty equivalent to an additional amount equivalent to 0.50% of the value of the flowers purchased subject to a minimum of Rs.100/-.

6. Growers:

Growers Registration:

Every grower who desires to supply flowers and other floriculture products to the IFAB and to be sold at the auction process in the IFAB has to be registered with the IFAB by paying the stipulated membership fees as stipulated in Annexure I. Also the KYC norms as mentioned in Annexure II should be complied with by all growers. He should also provide the land records for planting of flowers and a Growers' Certificate issued by the Horticulture Department.

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Payments by IFAB for flowers supplied:

The IFAB will make the payments to the growers for the flowers supplied by them to the IFAB after deduction the commission of the IFAB at the rate of 3.5% (or such other percentage of commission as decided by the BOD from time to time) of the sale value of the flowers. The payments shall be directly credited to the account of the growers on next day of the end of every calendar week except in case of unavoidable circumstances, where a slight delay may occur in making the payments. The period and date of payment shall be as follows:

| Period of Payment | Date of Payment |
|---|----------------------------------|
| From 1 st to 7 th of every calendar month | On 8 th of the month |
| From 8 th to 14 th of every calendar month | On 15 th of the month |
| From 15 th to 21 st of every calendar month | On 22 nd of the month |
| From 22 nd to till end of every calendar month | On 1 st of next month |

Security Deposit:

Every grower who is a member of the IFAB shall deposit such amount as determined by the Administrative Manage (AM) in consultation with Auction Manager (AUM) as a security deposit for the surety of payments for purchase of farm inputs and other amounts. The amount shall be determined based on the frequency, average volume and value of the transactions entered into by the grower at the IFAB.

Penal Provisions:

- Every grower who willfully and knowingly without any proper reason, supplies the poor quality of flowers continuously/ frequently, he shall be penalized as decided by the Disciplinary Action committee in consultation with the Receiving Supervisor and the Auction Manager.
- The penalty would be the amount of handling charges of the flowers and the reputation loss to the organisation as decided by the DAC. However, the power is given to the Disciplinary Action Committee to decide upon the matter on case to case basis.
- The name of the Grower who remains absent from auction for a continuous period of 90 days or more or whose performance is too low as compared to the other fellow growers, will be removed from the list of the registered grower on the recommendation of the auction manager and the DAC in writing and the matter of such intention of removal shall be communicated to the grower well in advance and a reasonable opportunity of being heard is given to every such grower before removal of his name from the list of registered growers.
- Any Grower who behaves in a manner which in the opinion of the Auction Manager and DAC is that of violation of the rules and regulation of the IFAB or is in contradictory with the code of conduct of the members of IFAB, he will be penalized in such way as determined by the DAC in consultation with the auction manager.

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- The IFAB members shall not indulge in any activity which is prejudicial to the interests of IFAB and also shall not employ / engage any IFAB ex-employee / ex-worker at their establishment for their benefit.
- Any grower who behaves in a manner which in the opinion of the Auction Manager and Disciplinary Action Committee is that of violation of the rules and regulation of the IFAB or is in contradiction with the code of conduct of the members of IFAB, he will be penalized in such way as determined by the Disciplinary Action committee in consultation with the auction manager.

7. Behavior at the Auction Hall:

The terms, conditions and the matters specified hereunder are applicable to all members of the IFAB i.e., buyers and growers, staff of the IFAB and the public in general. Any person, violating these terms or conditions will be held guilty of breach of such terms or conditions and will be liable for punishment accordingly. The punishment will be decided by the IFAB/ the Disciplinary Action committee of the IFAB.

- IFAB staff shall behave with due care and diligence with regard to everything that occurs at the Auction hall and regarding which it can exercise direct influence upon.
- All persons are required, immediately when so requested by Site Security Personnel or by any other persons appointed by Management for such a purpose, to identify themselves and to give any information requested. For this purpose the IFAB may issue Photo identity cards for every staff, registered grower and buyer of the organisation.
- All persons must behave as defined in these regulations and must immediately follow any instructions of IFAB such as fire-limiting, health and safety-promoting, environmentally-friendly, code of behavior and logistics instructions. Instructions shall be given in writing unless the nature of the state of affairs and the circumstances of the case should deem this unrealistic. Instructions may arise from these regulations, maintaining law and order or obligations that are imposed on IFAB set by the government or other authorities.
- All persons who are involved in an infringement, accident or loss at the Auction Hall as a witness or not will be enquired by the Auction Manager (AM) and that the Auction Manager (AM) and Security Personnel are informed about incident and must remain available at the request of the Auction Manager (AM) or Security Personnel to provide them with the required information.
- The registered buyers & growers or the authorised representative of the same only can enter into the premises of the IFAB. No other person can interfere into the operations of IFAB. The authorised representatives should be registered at IFAB providing with all the details required in KYC norms of Annexure II.
- **No person may at any time:**
 - Hamper the auction and/ or logistics process and/or any other part of the operational management of IFAB;

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- Dispose of items that are no longer wanted including substances, wastes and liquids in some other way than by following the terms and conditions set by IFAB;
- Bring, have, store or possess items representing a fire hazard or that are detrimental to the environment to or in the Auction Hall without permission in Writing from IFAB including items like Coffee, Tea, Cigarette, Pan, etc;
- ***Touch any of the Products that have been brought to IFAB unless this is required in the course of the person's business. Touching must be done carefully so that damage can be avoided;***
- ***Engage themselves in any unnecessary discussions or physical or verbal abuse, which will affect the environment of the Auction Hall;***
- Address IFAB personnel in a discourteous manner or offer physical or verbal abuse;
- Give IFAB employees tips or gifts that can be deemed to be the same;
- Walk around or visit the Auction Hall with merchandise/ products in some other way to sell these Products on site unless permission in writing has been obtained from IFAB.
- Place or keep items on cold storage rooms, any material or flowers without the approval of the IFAB. Should any person commit an infringement with regard to the above, the offender and/or relevant Lessee in case of any damages/ losses, will be liable to make good of such damages/ losses to the IFAB or the third party;
- Sale Products at or in the Auction Hall should this infringe these regulations, a rule from the authorities or a decision of IFAB;
- Take possession of any items that are offered to be disposed of as Waste and/ or to be destroyed at the Auction Hall. The infringement of this prohibition shall be deemed theft;
- Install and put into operation any distribution or transport equipment of whatever nature without permission in writing from IFAB;
- Smoke within the IFAB Auction Building premises or working area;
- Be at the Auction Hall while under the apparent influence of alcohol, drugs, medication or similar;
- Infringe any rules contained in or arising as a result of the present regulations.

8. Complaint handling, objections and appeals (Disciplinary Action Committee):

The Disciplinary Action Committee (DAC) is responsible for overall supervision of the process and functions at the IFAB. The committee is empowered to take decisions in case of any disputes, objections regarding the quality of the products and in relation to penal provisions as applicable. It can also take decisions in relation to will-full cancellation of bidding, unacceptable behavior at auction hall, violation of rules and regulations of the IFAB etc. If any person at any time aggrieved by the decision of the DAC, he can appeal to the Board of Directors (BOD) in writing. However, it is the discretionary power of the BOD decide on case to case basis depending upon the severity of the case that, whether to admit the appeal or not. If the appeal is not admitted, then the decision of the DAC is final and binding on all parties to the dispute or objection.

Composition of Disciplinary Action Committee:

The Disciplinary Action committee consists of the following persons as its members:

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1. One of the nominated member of BOD – Chairman of the DAC
2. The Managing Director
3. Two members from the Growers Association of the IFAB
4. Two members from the Buyers Association of the IFAB

Powers of Disciplinary Action Committee (DAC):

The Disciplinary Action Committee shall have the following powers to be exercised in accordance with the provisions of these Bye Laws:

1. Suspension of a member participant;
2. Expulsion of a participant;
3. Freezing the account of the participant;
4. Powers to conduct inspection;
5. Power to conduct an investigation / inquiry;
6. Power to call for records, issue show cause notice to participants for Suspension / expulsion.

Duties, Powers and Scope of Disciplinary Action Committee (DAC):

The DAC has the following Duties and Powers, which should be exercised independently without any bias or prejudice to either party of the complaint or objection.

- Power to cancel the bidding in genuine cases where the problem of quality of floriculture products supplied for Auction at IFAB arises and the quality issue is raised by the Auction Officer/ Admin Manager / Auction Manager/ Distribution Supervisor / the Buyer. And the same to be informed to the grower immediately.
- Immediately inform the concerned grower about the cancellation of the bidding for the lot supplied by grower.
- Power to penalize the buyer who willfully without any proper reason for cancellation cancels the bidding. The penalty would be the amount of difference between the bidding price which is cancelled and the bidding price of the fresh auction of the cancelled bidding. However, the power is given to the DAC to decide upon the matter on case to case basis.
- Power to remove the name of the Buyer who remains absent from auction for a continuous period of 90 days or more or whose performance is too low as compared to the other fellow buyers, from the list of the registered buyers on the recommendation of the auction manager in writing and the matter of such intention of removal shall be communicated to the buyer well in advance and a reasonable opportunity of being heard is given to every such buyer before removal of his name from the list of registered buyers. The Admin Manager shall complete the process within 10 days of such default absence as explained above and in the event of the buyer desires to be re-admitted, a re-admission fee of Rs.2,000 shall be charged after obtaining proper explanation from buyer for non-attendance.

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- Power to penalize the buyer who behaves in a manner which in the eyes of the Auction Manager and DAC is that of violation of the rules and regulation of the IFAB or is in contradictory with the code of conduct of the members of IFAB, in such way as determined by the DAC in consultation with the auction manager.
- Power to penalize the grower who willfully and knowingly without any proper reason, supplies the poor quality of flowers continuously/ frequently. The penalty would be the amount of handling charges of the flowers and the reputation loss to the organisation as decided by the DAC in consultation with the Receiving Supervisor and the Auction Manager. However, the power is given to the DAC to decide upon the matter on case to case basis.
- Power to remove the name of the Grower who remains absent from supply of flowers for a continuous period of 90 days or more or whose performance is too low as compared to the other fellow growers, from the list of the registered growers on the recommendation of the auction manager and the DAC in writing and the matter of such intention of removal shall be communicated to the grower well in advance and a reasonable opportunity of being heard is given to every such grower before removal of his name from the list of registered growers.
- Power to penalize the grower who behaves in a manner which in the opinion of the Auction Manager and DAC is that of violation of the rules and regulation of the IFAB or is in contradictory with the code of conduct of the members of IFAB, in such way as determined by the DAC in consultation with the auction manager.
- Power to penalize the Buyer or Grower who violates the terms and conditions as stipulated under the caption 'Behavior at the auction hall' of this manual.

Appeal against the order of the DAC:

Right of appeal:

Any participant aggrieved by the order passed by the Disciplinary Action Committee shall have the right of appeal to the Board of Directors (BOD) against the said order of the Disciplinary Action Committee.

Procedure for Appeal:

An Appeal may be filed by a participant within thirty days of receipt of the order of the Disciplinary Action Committee. The Appeal may be filed by filing with the Board of Directors a memorandum of appeal stating the reasons and grounds of the appeal against the decision/order of the Disciplinary Action Committee and must also state the relief sought, if any.

The Board of Directors shall have the power to stay the operation of the final order passed by Disciplinary Action Committee for such period and on such terms and conditions as the Board of Directors may deem fit. They also reserve the right to decide on case to case basis depending upon the severity of the case that, whether to admit the appeal or not.

Consideration of Appeal:

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The Appeal will be heard by the Board of Directors or committee of Board of Directors to whom the power of hearing is delegated. At such hearing, the appellant may appear by himself or through his authorized representative. However, a participant shall not be entitled to appoint an advocate as his representative except with the prior permission of the Board of Directors.

The time limit for the disposal of an appeal preferred to the Board of Directors shall be ten days from the date of making such appeal or such extended time as may be decided by the Board of Directors.

9. **Quality Standards:**

In current era, it is the quality which speaks first. Hence, at the IFAB the Quality is the most important factor which is stressed upon. Since the floriculture products are highly perishable in nature, they are to be handled with due care to maintain the adequate quality standards. It is also required that, growers/ suppliers should be aware of quality standards of the IFAB which will improve the reputation of the Grower and the IFAB, as well as the quality flowers will fetch the good market and the price. The following factors needs to be observed to maintain the adequate quality standards:

The Growers/ Suppliers should follow the below mentioned steps:

- The bottom of the Stem of flowers should be in proper shape and are to be arranged properly.
- Flowers of same stem length only are to be arranged in a particular bunch and the lot. Uniformity of the stem length should be strictly maintained.
- For classification of flowers based of length, the length of the stem should be measured from the bottom upto the bud without including the bud length for measurement. Ex: The length of the stem should be 50 cms from the bottom upto the bud for stem length categorized as 50.
- Cut, bend neck and rotten flowers should not be mixed up with good flowers.
- Flowers sent to the IFAB should be of a minimum lot of 100 flower stems. If flowers are of less than the minimum lot, they may be mixed up with the 'mixed flowers' lot.
- Adequate water should be stored in the flower buckets or crates.
- Due care should be taken in packing of the flowers. The packing should be neat and the description of flowers should be mentioned on the packet.
- Flowers and flower containers are to be handled with due care. The growers should instruct their workers and vehicle drivers to handle the flower containers properly.

The Staff of the IFAB should follow the below mentioned steps:

- The Receiving Supervisor should check the quality of the flowers at the time of receiving the flowers and inform the growers/ or his representatives, the lack in quality standard immediately. Also suggest the best ways to improve the quality of the flowers.

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- The names and details grower/ supplier who are supplying the low quality of the flowers frequently are to be listed by the receiving supervisor and to be submitted to the auction manager. Auction Manager in-turn on receipt of such list, take adequate steps to take the matter to DAC and issue a notice to all such growers/ suppliers and penal charges may be collected as deemed fit on case to case basis.
- After receiving the flowers, they are to be moved immediately to the cold storage room without any delay.
- The support staff of the IFAB should be properly trained to handle the flowers and flower crates properly and to arrange them in proper order in the cold store room.
- The Auction Manager or the Administrative Manager should take necessary steps if any mishandling of flowers and flower crates by the staff of IFAB has been observed.
- The Auction Manager should monitor that, the cold storage room is operating properly; temperature is maintained between 2 ° C to 4 ° C, dryness of the floor is maintained and is kept clean.
- The Auction Manager/ Receiving Supervisor should insist for the quality standards at every meeting of the Growers of IFAB and keep them informed about the quality standards. New growers are to be informed in details about the quality standards and way to maintain and improve them.

10. Parameters for supply of flowers on special events:

Supply on Teachers Day:

The average quantity of flowers supplied from 1st June of the calendar year to 31st August of the calendar year (90 days) will be taken as base to supply flowers for teachers day. The grower can supply **double** the quantity of the average on 3rd September and 4th September for teachers day.

Supply on Christmas & New year Day:

The average quantity of flowers supplied from 15th September of the calendar year to 15th December of the calendar year (90 days) will be taken as base to supply flowers for Christmas and New year. The grower can supply **double** the quantity of the average on 22nd December till 31st December.

Supply on Valentines Day:

The average quantity of flowers supplied from 1st November of the calendar year to 31st January of the calendar year (90 days) will be taken as base to supply flowers for Valentine's Day. The

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grower can supply **two and a half time** the quantity of the average on 8th February till 14th February. Further, those who have supplied **100 days** or more from 1st April of the calendar year to 31st December of the calendar year are will be in **Group A**. Those who have supplied **less than 100 days** from April 1st of the calendar year to 31st December of the calendar year are in **Group B**. The security person while allotting serial number in the gate should allot number either in Group A or in Group B according to their supply from 1st of April till December 31st. The security person should get list of growers falling under Group A and Group B from the office. Once Group A flowers are auctioned completely then the Group B flowers will be auctioned.

11. Powers to make minor amendments to the SOP

The Management Committee is empowered to make minor amendments to the SOP without disturbing the basic structure of the manual.

ANNEXURE I - MEMBERSHIP FEES PAYABLE

GROWERS

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| Category | Fees payable |
|---------------------------------------|--------------|
| Individuals / Proprietorship Concerns | Rs.5000/- |
| Partnership Firms | Rs.5000/- |
| Companies | Rs.5000/- |

BUYERS

| Category | Fees payable |
|---------------------------------------|--------------|
| Individuals / Proprietorship Concerns | Rs.5000/- |
| Partnership Firms | Rs.5000/- |
| Companies | Rs.5000/- |

ANNEXURE II - KYC NORMS

| | |
|-------------|--|
| Category | Documents accepted |
| Individuals | Legal name and any other names used i. Passport |

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|-------------------|--|
| | <ul style="list-style-type: none"> ii. PAN card iii. Voter's Identity Card/ Aadhar card iv. Driving license v. Identity card (subject to the IFAB's satisfaction) vi. Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of IFAB <p>Correct Permanent Address:</p> <ul style="list-style-type: none"> i. Telephone bill ii. Bank account statement iii. Letter from any recognized public authority iv. Electricity bill v. Ration card vi. Letter from employer (subject to satisfaction of the IFAB) <p>(any one document which provides customer information to the satisfaction of the IFAB will suffice)</p> |
| Partnership Firms | <p>Legal name</p> <ul style="list-style-type: none"> (i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm / partners <p>Address Proof:</p> <p>Names of all partners and their addresses</p> <p>Telephone numbers of the firm and partners</p> |
| Companies | <p>Name or identity proof</p> <ul style="list-style-type: none"> (i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact |

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| | |
|-------------------------|--|
| | <p>business on its behalf</p> <ul style="list-style-type: none"> (iv) Copy of the telephone bill (v) Copy of PAN allotment letter <p>Address:</p> <ul style="list-style-type: none"> a) Name of the company b) Principal place of business c) Mailing address of the company d) Telephone / Fax Number |
| Proprietorship Concerns | <p>Proof of the name, address and activity of the concern</p> <ul style="list-style-type: none"> (i) Registration certificate (in the case of a registered concern) (ii) Certificate / license issued by the Municipal authorities under Shop & Establishment Act, (iii) Sales and income tax returns, CST / VAT certificate / registration document issued by Sales Tax / Service Tax / Professional Tax (iv) Registration / licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority / Department. (v) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT as an identity. (vi) License issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc. <p>Any two of the above documents would suffice. These documents should be in the name of the proprietary concern.</p> |