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A Research Study on Procurement and Vendor Management Practices at Lloyds Metals & Energy Ltd., Konsari Plant

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ABSTRACT: This research paper examines the procurement and vendor management practices at Lloyds Metals & Energy Ltd. (LMEL), Konsari Plant. Using insights gained from an 8-week internship, the study explores key procurement processes, vendor coordination, ERP usage, negotiation practices, documentation procedures, and cross-functional workflows. The findings highlight the importance of structured procurement, strong vendor relationships, digital systems such as SAP S/4 HANA, and efficient communication to ensure smooth plant operations. Recommendations focus on strengthening vendor evaluation, enhancing digital adoption, and improving process efficiency.

KEYWORDS: Procurement, Vendor Management, ERP, SAP S/4 HANA, Supply Chain, Industrial Operations, Vendor Evaluation

I. INTRODUCTION

Procurement and vendor management are critical components of supply chain operations in manufacturing industries. At Lloyds Metals & Energy Ltd. (LMEL), Konsari Plant, procurement ensures uninterrupted supply of raw materials, services, and consumables required for power generation, DRI production, and plant maintenance. This study is based on an internship conducted at LMEL, where practical exposure was gained in RFQ preparation, vendor communication, purchase order processing, warehouse coordination, and ERP documentation.

II. OBJECTIVES

1. To study the structure and functioning of the Procurement Department.
2. To understand the end-to-end Purchase-to-Pay (P2P) cycle.
3. To analyze vendor selection and negotiation practices.
4. To gain hands-on experience with SAP S/4 HANA procurement modules.
5. To examine coordination between procurement, stores, and finance departments.

III. LITERATURE REVIEW

Previous studies emphasize that procurement efficiency directly affects cost, delivery reliability, and production continuity.

Researchers highlight key factors such as vendor selection, supplier relationships, ERP integration, and documentation accuracy. Effective vendor management reduces lead time, improves quality, and supports operational excellence. (Schreibfeder, 2010; Sharma & Arya, 2016)

IV. METHODOLOGY

This study uses qualitative methodology derived from internship-based observations.

Primary data: interactions with staff, vendors, documentation review, ERP training.

Secondary data: company manuals, academic articles, process documents.

Approach: descriptive and observational analysis of procurement workflows.



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Findings

The internship revealed the following key insights:

- RFQ Preparation and Vendor Follow-up: RFQs are prepared based on PRs received from departments. Timely follow-up is critical for ensuring competitive quotations.
- Vendor Evaluation: Vendors are assessed based on cost, reliability, quality, and delivery performance.
- Purchase Order Processing: SAP S/4 HANA is used for PO creation, approvals, and material tracking.
- Coordination: Procurement coordinates with stores for GRN verification and with finance for invoice clearance.
- Documentation: Proper filing of quotations, POs, and delivery schedules is essential for audit compliance.
- Communication: Effective communication improves negotiation outcomes and reduces delays in material supply.

V. DISCUSSION

The findings demonstrate that procurement at LMEL is structured yet dependent on timely vendor responses and interdepartmental coordination. ERP systems significantly improve transparency and process accuracy. However, challenges such as vendor delays, price variations, and documentation gaps require continuous improvement.

VI. CONCLUSION

Procurement and vendor management play a crucial role in ensuring operational continuity at LMEL. Strengthening vendor relationships, improving digital adoption, and streamlining documentation can further enhance procurement effectiveness. The internship provided a deep understanding of industrial procurement and contributed to professional skill development.

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