

Capital Approval Minutes

Project Justification

1. Project Title:

Replace Old Production Line Equipment

2. Objective:

To improve production efficiency and reduce maintenance costs by replacing obsolete machinery with modern, energy-efficient equipment.

3. Background & Rationale:

The current production line equipment, installed in 2002, has reached the end of its useful life with increasing breakdowns and costly repairs. Extended downtimes have resulted in missed delivery deadlines and reduced customer satisfaction.

4. Project Scope:

The project covers procurement, installation, and commissioning of new equipment, and the training of relevant staff.

5. Expected Benefits:

- Increase production capacity by 20%
- Reduce annual maintenance costs by 35%
- Enhance product quality and consistency
- Lower energy consumption

6. Alignment with Organizational Strategy:

This investment supports our strategic goal to modernize operations and improve profitability.

7. Financial Implications:

The total estimated capital expenditure is \$2.8M with a projected payback period of 3.5 years.

Important Notes:

- Ensure that all relevant stakeholders review and approve the justification section before submission.
- Clearly state measurable benefits and link them to organizational objectives.
- Provide data and evidence where possible to support key statements.
- This section forms the basis for final investment approval; accuracy is critical.
- Update the document as project scope or objectives evolve.