

Business Requirement Document (BRD)

Project Name: Break-Even Analysis for CandyMonkey's Mini Pack Chocolates

Prepared for: CandyMonkey, Raipur

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1. Project Overview

CandyMonkey, a local confectionery brand based in Raipur, is introducing a new Mini Pack, a 100-gram chocolate pack designed to appeal to children and families. The company plans to launch the Mini Pack on January 1st, 2024. To ensure the product's success, CandyMonkey requires a detailed financial model for break-even analysis that incorporates sales forecasts, variable costs, and fixed costs. This model will help determine the sales volume needed to cover all costs and analyze profitability under various scenarios.

2. Objectives

1. Develop a financial model to perform a break-even analysis for the Mini Pack.
2. Estimate the sales volume required to cover fixed and variable costs over the first twelve months.
3. Evaluate the impact of changes in key variables (e.g., pricing, costs, sales growth) on profitability.
4. Provide insights to guide strategic decisions related to pricing, production, and marketing.

3. Key Details and Assumptions

3.1 Product Details:

- Product: Mini Pack Chocolates
- Weight: 100 grams
- Selling Price: Rs. 140 per unit

3.2 Sales Forecasts:

- Initial Sales (Months 1-3): 1300 units/month

- Growth Rate (from Month 4 onwards): 10% month-on-month

3.3 Raw Material Composition and Costs:

Raw Material	Proportion	Cost per Kg (Rs.)
Cocoa	40%	1000
Sugar	45%	50
Fruit and Nut	5%	1200
Others	10%	150

- Raw material cost per unit (100 g): Weighted average cost calculation to be performed.

3.4 Labor and Packing Costs:

- Labor and Packing Cost per Unit: Rs. 10

3.5 Fixed Costs:

Cost Component	Amount (in Rs.)
Rent	60,000
Administration	35,000
Marketing (Months 1-3)	50,000
Marketing Growth (from month 4)	10% month-on-month

- Total Fixed Costs (initial): Rs. 95,000

4. Scope—The financial model will include the following components:

1. Sales Revenue Projections: Monthly sales revenue based on forecasted unit sales and selling price.
2. Variable Costs Analysis:
 - Raw material costs are based on the proportions and rates provided.
 - Labor and packing costs.

3. Fixed Costs Projections:
 - Rent, administration, and marketing expenses.
 - Marketing expense growth from Month 4 onwards.
4. Break-Even Analysis:
 - Calculation of break-even sales volume.
 - Break-even point in terms of months.
5. Profitability Analysis:
 - Monthly profit/loss projections.
 - Sensitivity analysis for changes in key variables (e.g., price, raw material costs, sales growth).

5. Stakeholders

- Primary Stakeholder: CandyMonkey Management Team
- Secondary Stakeholders: Product Development Team, Marketing Team, Finance Team

6. Risks and Assumptions

- Assumptions:
 - Sales forecasts and growth rates are accurate.
 - Raw material prices remain constant over the first year.
 - No unforeseen fixed or variable cost increases.
- Risks:
 - Variability in market demand could affect sales.
 - Fluctuations in raw material prices could impact costs.
 - Unanticipated fixed costs could alter the break-even point.