

Pepperfry FY2021 Financial Results

Pepperfry started 10 years back as an e-commerce marketplace and pivoted to selling furniture and furnishings. When the pandemic happened, it impacted Pepperfry like everyone else. Subsequent lockdowns pulled the brakes on supply chain. But Pepperfry was able to tide over the situation due to its brand strength and differential strategy.

Despite much of the year being washed out, the revenue from operations stood at Rs. 201.50 crore in FY21 as compared to Rs. 231.58 crore in FY20, a decline of 13%. However, apart from the pandemic-driven aberration in FY2021, Pepperfry has reported a continued rise in revenue figures. The expenses in FY21 stood at Rs 326.8 crore as compared to Rs 412.7 crore in FY20, a decline of 21%. Pepperfry reduced underlying earnings before interest tax depreciation and amortization (EBITDA) by 60% in FY2021, the third straight year of nearly halving losses. Moreover, Pepperfry was EBITDA profitable in the months of August and November 2020.

Supply chain costs were lowered by 12.4% as the company improved its vehicle utilisation, re-engineered material handling as well as waste reducing damages during transit. These savings were utilized to expand the technological capabilities, considering it is the backbone that enables the company to service customers across 500+ cities in India seamlessly.

Pepperfry with a bunch of changes on the website and user interface, managed to increase customer stickiness across platforms. Despite cutting down marketing spends by close to 40% in FY21, about 70% of the business was generated organically. 50% of the business each month comes in from repeat customers.

After catering to the initial wave of demand for work from home furniture, Pepperfry re-architected merchandize selection to deliver a wider, highly differentiated bouquet of furniture and furnishings choices across product groups for customers. This resulted in an increase in the average order value last year, a trend that has been consistent over the years. The sales run rate for January 2022 is 50% higher as compared to January 2021.

Pepperfry is committed to the metaverse, building augmented and virtual reality solutions blurring the lines between virtual and reality. The company envisions establishing a Pepperfry studio where everything is virtual sans a single piece of furniture. The company entered the year with 73 Pepperfry studios. And through the franchise program, Pepperfry has crossed over 100 studios in 2021 and aims to reach about 150 studios by March 2022. As the year unfolds, Pepperfry aims to keep building on strengths while exploring high-margin whitespaces like modular furniture and mattresses.

Rs. Lakh	FY2020	FY2021	Change
Revenue	24,501.6	22,098.9	-10%
Revenue From Operations	23,157.9	20,149.9	-13%
Other Income	1,343.8	1,949.0	45%
Expenses	41,276.0	32,681.5	-21%
Employee Benefits ¹	5,118.3	4,555.1	-11%
ESOP	629.2	1,660.0	164%
Marketing	11,213.0	7,061.0	-37%
Logistics Cost	12,552.0	8,431.0	-33%
Other Expenses	3,933.8	4,615.6	17%
Finance Costs	2,506.4	1,902.4	-24%
Depreciation & Amortisation	5,323.2	4,456.3	-16%
Underlying EBITDA2	-9,466.6	-3,670.1	-61%
Net Profit/ (Loss)	-16,774.4	-10,582.6	-37%
Other Comprehensive Income	45.9	17.8	-61%
Total Comprehensive Income	-16,728.5	-10,564.9	-37%

Notes

¹Excluding ESOP

²EBITDA Less ESOP