IGUAKO CAPITAL · Case study

Serra Vermelha Agrociências

US$28 million for control of a Brazilian seed-treatment business, with field trial sites raised from twelve to fifty and registrations from nine to seventeen.

YEAR	SECTOR	DIVISION
2022	Agri-science	Private Equity

JURISDICTION

Brazil

Situation

Serra Vermelha Agrociências develops seed treatments for soya and maize from a laboratory and a formulation plant in São Paulo state. When the firm first met the founders in 2021 the company held nine registrations, ran twelve field trial sites and sold its whole output through a single distributor.

The science was ahead of the company. Two of the nine products had beaten the chemical standard in independent trials. Neither could be registered nationally, because the company could not fund the trial network that a national registration requires, and the distributor paid at ninety days while the plant had to be paid at thirty.

Approach

The firm committed US$28 million in March 2022 for sixty-one per cent of the equity. US$9 million went onto the balance sheet of the company and the remainder to the founders. Private Equity took two board seats. The laboratory and the research budget stayed under the founders' own signature, which was a condition of the sale.

Capital went to trials first. The network grew from twelve sites to fifty across four states over two seasons, because a registration in this market is granted against local data and nothing else. Registrations rose from nine to seventeen by June 2026, and five of the new ones cover the two products that had already outperformed.

Distribution changed second. Three further distributors were appointed and the ninety day terms were replaced with sixty day terms supported by a receivables facility from Commercial Finance in Panama City. The two divisions priced that facility at arm's length and the Conflicts of Interest policy required a review by a party outside both.

Outcome

Revenue grew from US$18 million to US$57 million in the four years to June 2026. The plant now runs two shifts. Gross margin improved by nine points, most of it earned by formulating in house what the company had previously bought in from third parties.

The position is held and carried at 1.9 times cost. The firm expects a trade buyer rather than a listing, and the improvement plan has been written for a buyer that wants registrations in soya. Cash taken out of the company so far funded the acquisition of a Gulf analytics business in 2024.

Figures

Measure	Value
Equity commitment	US$28 million
Field trial sites	50
Registrations held	17

Colophon