

# Investors in Vik Bansal's biogas side hustle are up 85pc

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Boral chief executive Vik Bansal is the chairman of ASX-listed biogas group LGI, which has managed to thump the returns of the now Seven-owned concrete business where he made his name as a turnaround specialist.

Mr Bansal has been heading the board [<https://www.afr.com/chanticleer/stokes-gets-his-man-time-to-let-boral-off-the-leash-20240704-p5jr3n>] of LGI for two years, and investors who bought in at the float are up about 85 per cent on the issue price of \$1.50. The stock closed at \$2.80 on Friday giving it a market value of \$230 million.



Boral chief executive Vik Bansal has also been chairman of ASX-listed LGI for two years. The stock is up 83 per cent since its IPO. **Brent Lewin**

LGI has operations at 32 landfill sites in NSW, Queensland and the ACT. It has eight mini-power stations that turn waste into energy, supplying electricity to the grid at any time of the day it chooses. This maximises profits from the power generated from the plants that run on the large waste sites under its control.

“Waste is a problem in the world, energy is a problem in the world,” Mr Bansal said.

“This is a company which is at the convergence of waste and energy.”

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He has played down his influence at the biogas group but said he was keen to be involved when approached, having been the chief executive of waste management giant Cleanaway earlier in his career.

“Not very often do you get to be part of something that is solving a problem and that is doing very cool things,” he said of LGI.

But Mr Bansal emphasised the group was making good money too: “It is very profitable.”

LGI was established in 2009 as Landfill Gas Industries. LGI’s largest shareholder is founder and managing director Adam Bloomer, who holds 18.7 per cent.

Wilson Asset Management portfolio manager Oscar Oberg said the group was an early investor in the IPO and holds just over 5 per cent.

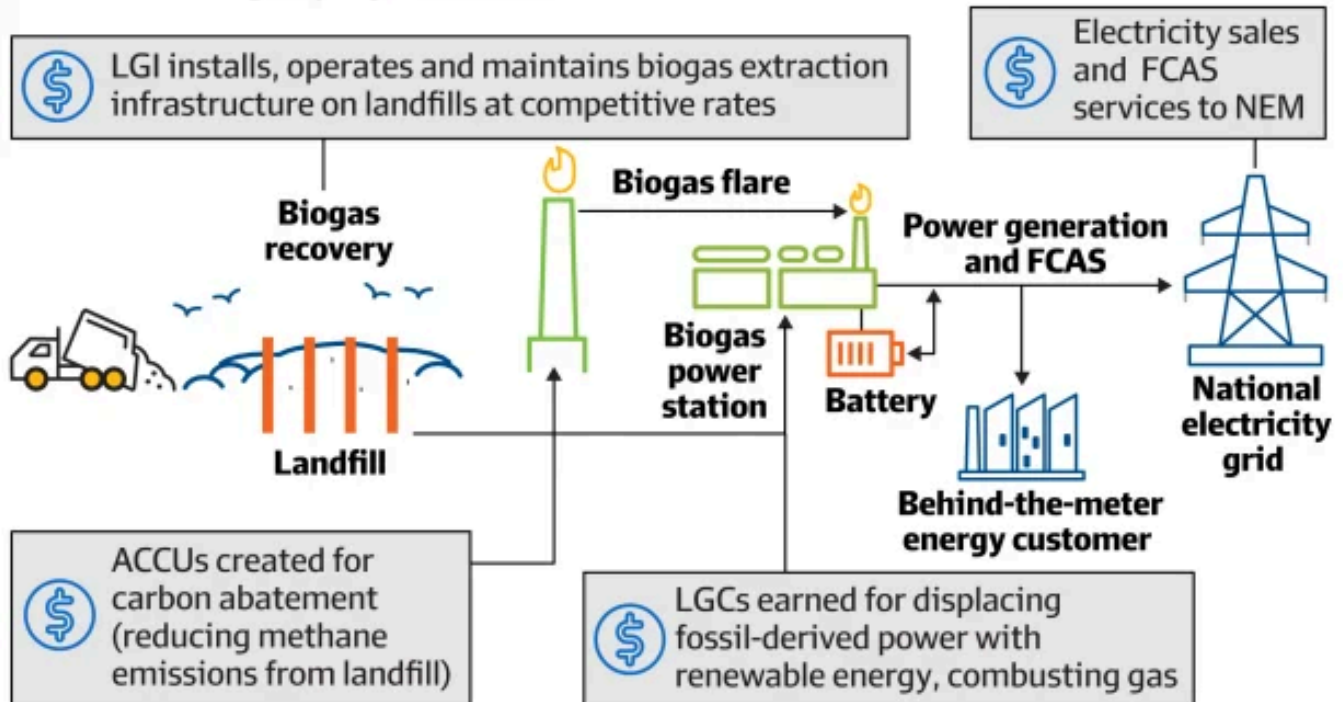
“It’s an evolving industry. A lot of the contracts are long-dated,” he said.

Many of the landfill sites are owned by local government, who wanted to be on the front foot on environmental issues. “Local councils are looking to monetise what they have,” Mr Oberg said.

One of the largest projects underway is at Eastern Creek in the western suburbs of Sydney, about 20 kilometres from where the second Sydney Airport will be located in Badgerys Creek.

Earthworks have started and biogas infrastructure is in place at the site, owned by Bingo Industries [<https://www.afr.com/street-talk/investors-put-bingo-on-watch-as-debt-trades-at-a-discount-20240515-p5jdzl>]. An arm of Macquarie Group purchased Bingo Industries after a \$2.3 billion takeover [<https://www.afr.com/companies/infrastructure/macquarie-entity-in-2-3b-buyout-of-bingo-20210427-p57mmy>] in 2021.

## How LGI's biogas projects work



Note: FCAS: Frequency control ancillary services

ACCU: Australian carbon credit unit LGC: Large-scale generation certificate

SOURCE: LGI

The \$18.5 million biogas project at Eastern Creek is earmarked to be fully up and running by the end of 2025-26. LGI chief executive Jarryd Doran said it will have the capacity to generate about 4 megawatts per hour, enough to power about 7500 homes.

LGI lifted net profit 4 per cent to \$6.7 million in the 12 months to June 30, on revenue up 2 per cent to \$30.8 million.

Mr Doran said the company makes money from three main avenues: it generates fees from operating landfill sites for owners; sells electricity into the grid; and earns income from Australian carbon credit units, mainly derived through installing gas flaring systems on landfill sites.

Producing energy from biogas means the company can time its release into the electricity grid, unlike solar and wind farms.

“We are generating all the time, but we can control the time of the day that we send it out to the market,” Mr Doran said.

The group has its eye on projects in other states where local councils are the main customers as they tend to own waste facilities.

Boral is now a division inside Seven Group Holdings

[<https://www.afr.com/companies/infrastructure/kerry-stokes-seven-rains-dividends-to-win-over-boral-20240412-p5fjax>] after the independent directors of the company in April backed a \$1.9 billion buyout offer from major shareholder Seven, sweetened with dividends.

Mr Bansal was recruited in mid-2022 by Seven Group chief executive Ryan Stokes to spearhead its revival.



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