

Caretech founders plot bid to take social care group private

The sibling founders of Caretech are plotting to make an offer for the social care group that would see it delisted from the London Stock Exchange.

Sky News has learnt that Farouq and Haroon Sheikh, who set up Caretech in 1993, are in talks to secure the financing required to launch a takeover bid for the company.

City sources said the discussions were at an early stage, although Caretech's independent board members are said to have been notified of the co-founders' intentions.



Image:

If it proceeds it would be the latest in a string of 'public-to-private' transactions

The brothers, who are executive chairman and chief executive respectively, own a minority stake in the business themselves

but need to raise hundreds of millions of pounds to make a formal offer.

Caretech provides social care and education services for adults and children, principally on behalf of local authorities, to which it charges fees.

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Its specialist hospitals and residential homes look after adults with autism and brain injuries, while it also operates schools and fostering agencies for children.

In December, the company reported underlying earnings before interest, tax, depreciation and amortisation of more than £100m on revenues that were up by more than 13% to almost £490m.

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If the brothers proceed to a formal offer, it would be the latest in a string of “public-to-private” transactions and provide an indication that deal-making activity in the City is not being brought to a halt by market uncertainty caused by Russia’s invasion of [Ukraine](#).

One source suggested that a stock exchange announcement was likely to be made by the company confirming the approach on Monday morning.

Caretech had a market capitalisation at Friday’s close of £664m, having seen its shares rise by just over 10% during the last 12 months.

The value of a formal offer from the co-founders is unclear, although it is expected to be at a substantial premium to the current price.

Caretech declined to comment.