UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2019

Commission file number 1-12793

StarTek, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**84-1370538** (I.R.S. employer Identification No.)
6200 South Syracuse Way, Suite 485 **Greenwood Village, Colorado** (Address of principal executive offices)	**80111** (Zip code)

(303) 262-4500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	**SRT**	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: **None**
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ No☒
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ No☒

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant on June 30, 2019 was approximately $138.48 million. As of March 6, 2020, there were 38,528,400 shares of Common Stock outstanding.

STARTEK, INC. AND SUBSIDIARIES

2019 ANNUAL REPORT ON FORM 10-K

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Part I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the following:

- certain statements, including possible or assumed future results of operations, in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- any statements regarding the prospects for our business or any of our services;
- any statements preceded by, followed by or that include the words “may,” “will,” “should,” “seeks,” “believes,” “expects,” “anticipates,” “intends,” “continue,” “estimate,” “plans,” “future,” “targets,” “predicts,” “budgeted,” “projections,” “outlooks,” “attempts,” “is scheduled,” or similar expressions; and
- other statements regarding matters that are not historical facts.

Our business and results of operations are subject to risks and uncertainties, many of which are beyond our ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements. All forward-looking statements herein speak only as of the date hereof, and we undertake no obligation to update any such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations include but are not limited to those items set forth in Item 1A. “Risk Factors” appearing in this Form 10-K.

Unless otherwise noted in this report, any description of “us," “we” or "our" refers to StarTek, Inc. ("Startek") and its subsidiaries. Financial information in this report is presented in U.S. dollars.

ITEM 1. BUSINESS

BUSINESS OVERVIEW

Startek, Inc. (“Startek”, the Company”, “we”, “our” or “us”) is a global business process management company for some of the world’s most iconic brands in a variety of markets. Operating under the global Startek and Aegis brand, we help these large global companies connect emotionally with their customers, solve issues, and improve net promoter scores and other customer-facing performance metrics. Through consulting and analytics services, technology-led innovation, and engagement solutions and complete range of services around the customer life cycle management process (CLM). Our solutions are supported by over 47,000 employees, delivering services from 49 locations in 13 countries on five continents. Each day, our customer experience experts work together to deliver customer experiences that are personal, meaningful, and true to our clients' brands.

The Company was founded in 1987. At that time, our business was centered on supply chain management services, which included packaging, fulfillment, marketing support and logistics services. After our initial public offering on June 19, 1997, we increasingly focused on operating customer care contact centers and grew to include our current suite of customer experience offerings. To help us remain strategically competitive while expanding our reach with new and existing clients, we acquired several companies from 2013 to 2015. On July 20, 2018, the Company acquired CSP Alpha Midco Pte Ltd, a Singapore private limited company ("Aegis"), which resulted in CSP Alpha Holdings Parent Pte Ltd, a Singapore private limited company ("Capital Square Partners or CSP") owning a majority of the Company's outstanding shares. Capital Square Partners, a Singapore based private equity fund, which owned Aegis, is now the majority shareholder in the Company, owning approximately 55% of our outstanding shares. For more details regarding our acquisition, please refer to Note 3 which forms part of notes to consolidated financial statement included in Item 8 of this Form 10-K. The combination greatly improved our competitive position in the market by providing us with access to many of the world's most rapidly growing markets, multi-lingual offerings, a strong footprint, and the institution of operational excellence capabilities and industry best practices.

While we have customer engagement experience in almost every industry, we have developed tailored expertise in the telecom, media and cable, e-commerce and consumer, financial and business services and healthcare and education sectors. We serve approximately 225 clients globally, many of which are industry leaders in their respective verticals and geographies. We not only understand the industries in which our clients operate but also the unique challenges they face and the culture of the business or geography within which services are delivered. We believe our knowledge of best practices across different industries and an understanding of the solutions that can be implemented in the context of our clients' operating environments enables us to improve processes and performance metrics and drive measurable results that differentiate our clients from their competitors. The trust and confidence that our clients have in us is understood by the long relationships we enjoy with many of our key clients, including servicing our top five clients for more than eight years on average.We hold the distinction of being a global company with a local flare that allows our customers determine efficiencies onshore, nearshore and off-shore. This multishare capability and capacity makes us a global brand allowing to craft customized experiences across cultures and continents.

Service Offerings

Startek offers a broad range of customer experience, technology and back-office support solutions that are designed to help our clients gain competitive advantage by transforming their customer experience operations. Our solutions are highly configurable, insight driven, technology-led, and vertically specific to align with our clients' unique requirements.

Customer Engagement Consulting Services: Our suite of consulting services helps clients design, implement, and continuously optimize the ideal customer experience based on comprehensive data and analysis that shows how customers engage with brands across all touchpoints and channels. We assess the customer experience and map the customer journey to design the ideal engagement model across human, automated, and hybrid interactions.

Omnichannel Engagement: Our enterprise-class omnichannel engagement services provide clients with high-end customer care, technical support, and sales solutions to help them acquire, support, retain, and grow strong customer relationships. Our solutions seamlessly integrate voice, chat, email, digital and social media channels to maximize customer satisfaction, sales, and retention. We provide these solutions from delivery campuses around the world where our customer experience experts are trained to efficiently solve problems across the customer journey, resulting in higher satisfaction, brand loyalty, sales revenue, and a stronger competitive position for our clients.

Social Media**:** As part of our suite of omnichannel engagement services, we provide clients with social media listening, monitoring, response, risk and reputation management, campaign activation, and community and content moderation. Our social media experts authentically engage with our clients' customers across multiple social platforms, blogs and forums, rating and review sites, and online stores. Our services use a combination of third-party tools and AegisLISA^{n} , our proprietary, omnichannel social CRM platform that tracks and monitors social conversation threads across numerous niche digital streams and helps clients derive actionable intelligence and opportunities to enhance the value of their brands from the conversation clutter.

Customer Intelligence Analytics: Our suite of customer intelligence analytics provides clients with insights and actionable information at every stage of the customer journey. We use a multi-pronged approach to help our clients better understand and predict customer behaviors and interaction preferences. Our diagnostic tools measure all dimensions of specialist behavior and its impact on key performance metrics to help reverse engineer the ideal conversation. This analysis helps clients better understand the scope, severity, impact, and root cause of underperformance. Using proprietary analytic models, we also provide the insights clients need regarding the customer experience, marketing and branding, innovation and R&D, and sales initiatives to help inform and enhance their business decisions and drive customer experience transformation.

Back Office Services: We provide finance and accounting services, human resource processing services, data management, and spend management services to help clients enhance their customer-centric view of relationships while maximizing operating efficiencies. Our back-office services are designed to help clients achieve their business objectives by automating repetitive processes and aligning human capital with business goals.

Receivables Management: We provide first- and third-party collections services directly for our clients in the telecommunications, cable and media, and healthcare industries. We help our clients reduce bad debt write-offs and recover past due balances in an efficient, compliant and empathetic manner, which promotes and protects our clients' brands and helps them retain customers.

Our Clients

We develop long-term relationships with global corporations and medium-sized businesses whose business complexities and customer focus require a strategic partner that can quickly and globally scale the tools, technology, and talent needed to design and deliver the desired customer experience. We provide these services to clients from our delivery campuses across North America, South America, Africa, Asia, and Australia.

As of December 31, 2019, we had a diverse client base of more than 225 clients across a variety of verticals, including companies that we believe are among the leading players in their respective industries. Approximately 38% of our revenue is derived from clients within the telecommunications industry which has resulted in a rapidly evolving environment for service providers. Our focus is on the continued diversification of the industries we serve by targeting high growth verticals such as e-commerce and consumer, financial and business services, healthcare and education and travel and hospitality. Our revenues for the twelve months ended December 31, 2019 by industries served were as follows:

	Twelve months ended December 31, 2019
Telecom	38%
E-commerce & Consumer	16%
Financial & Business Services	8%
Media & Cable	14%
Travel & Hospitality	11%
Healthcare & Education	7%
Technology, IT & Related Services	2%
Others	4%

In the twelve months ending December 2019, our top five and ten clients represented 39% and 51% of total revenue, respectively. We enter into Master Service Agreements (MSAs) that cover all our work for each client. These MSAs are typically multi-year contracts that may or may not include auto-renewal provisions. Although they typically do not include contractual minimum volumes and are generally terminable by the client without penalty upon prior written notice, our relationships with our top five clients have averaged around eight years, including multiple contract renewals for several of these clients.

Our clients' customer experience needs continue to evolve and are expanding beyond basic order processing or first-tier calls to handling complex issues requiring advanced problem-solving skills, an in-depth understanding of their customers, sourcing the relevant technology capabilities to deliver personalized customer experience (CX), and building a highly-qualified talent pool for managing the customer experience. The digital outsourcing drivers for enterprises such as access to better technology, analytics, and omnichannel solutions are increasingly becoming more important than traditional outsourcing drivers. Our clients are looking to us to provide them with next generation technology solutions to help them solve key business problems. We are investing in digital solutions and automation technologies to unlock customer insights that is adjacent to world class customer experience using state of the art digital technologies. We are committed to delivering solutions through which we partner with our clients to achieve and deliver the desired customer experience.

Key Competitive Differentiators

Our client base is largely comprised of leading global and regional brands. We believe our vast global footprint, world-class technology, and human capital solutions powered by the science of dialogue are ideally suited for these clients. Brands increasingly look to partner with service providers who embrace customer-centricity and proactively suggest innovative solutions to transform their customer experience operations. We also believe we are well-positioned to succeed in this changing landscape and are differentiated by our insights and analytics, technology-led innovation, and customizable engagement solutions powered by the science of dialogue. Additionally, we also believe our innovative human capital strategies and operational best practices are key competitive advantages. The successful execution of our principal corporate strategies depends on our competitive strengths, which are briefly described below:

Scale and Global Footprint
We are a truly global business with global clients, global management teams, global best practices, and global thinking. Our vast footprint provides clients with access to some of the world's most rapidly growing markets, multilingual offerings, and the institution of operational best practices across the globe. Our scale, breadth, and capabilities also support clients with global business requirements by providing engagement services in country or in geographical proximity based on their customer experience needs.

Technological Excellence
We believe that Startek provides clients with unmatched infrastructure stability. We utilize a combination of industry-best practices, internally developed tools, and a globally distributed team of engineers and support staff to centralize and standardize our worldwide delivery capabilities. This architecture enables us to deliver improved scalability and quality of delivery for our clients while lowering capital requirements and information technology operating costs. Our self-healing network, unique to the industry, also enables us to deliver every customer contact cleanly and with minimal downtime. Through automation and machine learning, we seamlessly identify fault in third-party applications and route around or drive repair. The stability of our infrastructure allows us to provide seamless contact delivery while also focusing on developing and delivering new, innovative offerings, including chatbots, artificial intelligence, and neuro-linguistic programming. Our IT solutions are not only technologically sound but also embody the principles of human communication science to ensure a better interaction experience for our clients' customers.

Operational Excellence
Our operating platform provides the core processes that allow us to be consistent in our service offering across sites and geographies. It includes execution and innovation in every area of the operation including on-boarding and enabling employees, executing against goals, evaluating and improving performance, and enhancing the total experience of our clients' customers.

Customizable Engagement Solutions
We are passionate about our clients' critical business goals. Our solution configuration is aligned with our clients' unique requirements, but more importantly, the desired outcomes they seek are to optimize sales, customer satisfaction, retention, and loyalty. We are flexible and keenly aware that designing solutions around clients' strategic goals is critical. Not only do we provide experienced management teams that bring together a trained, productive workforce, equipped with the right tools and technology, but we also provide front- and back-end analytics to develop the right solution and proprietary quality assurance tools that ensure a "closed loop" improvement cycle that is easy to measure and manage.

Human Capital
We have more than three decades of experience managing global talent and offer a consistent, scalable, and flexible workforce that is passionate about delivering the desired customer experience while meeting or exceeding our clients’ key business objectives. We consistently invest in forward-thinking strategies to attract, develop, reward, and retain top talent across our global enterprise. Our talent management processes are based on the latest strategies in the field of human capital management and are designed to create a progressive workplace where employees thrive in a culture of empowerment, inclusion, and diversity. We are highly proactive in hiring a diverse workforce and have won numerous awards for our diversity and inclusion strategies.

Strategy

We are committed to building the premier, high performance partner for the world’s finest brands while generating profitable growth for our investors. Following our recent business combination with Aegis, our clients have begun to experience the benefit of our global reach and access to new markets, multilingual offerings, and new digital solutions. We believe that the foundation for our success is strong, and we continue to expect synergies, revenue growth, and operating efficiencies from the combination. To that end, we plan to continue:

- Growing deeper, more strategic relationships with our existing global client base through our broader delivery capabilities and expanded suite of solutions;
- Pursuing new clients in high growth industries that are committed to differentiation by putting the customer experience first;
- Investing in our sales leadership to accelerate growth across a broad set of industries and geographies;
- Improving our market position by becoming the leader in customer experience management services;
- Improving profitability through operational improvements, increased utilization and higher margin accounts;
- Expanding our global delivery platform to meet our clients' needs;

- Broadening our service offerings through more innovative, technology-enabled and added-value solutions; and
- Attracting and retaining a high performing, motivated and diverse workforce, capable of handling increasingly more complex customer issues.
- Focus on every geography and yet keep a global Brand and global best practices.

Driving a superior customer experience for our clients is at the center of everything we do. Our customer experience experts are on the front lines every day working to build and maintain strong customer relationships that drive sales, satisfaction, and loyalty for our clients’ brands. We will continue to invest in our core customer experience solutions, consulting and analytics capabilities, technology-enabled platform, and human communication science research to accelerate revenue growth across the globe.

Seasonality

Our business can be seasonal depending on our clients' marketing programs and product launches, which are often geared toward the end of summer and the winter holiday buying season in the United States and during major local festival seasons across our other geographies.

Industry

The worldwide customer management business process outsourcing ("CM BPO") market is projected to grow steadily at slightly above 4% compounded annual growth rate ("CAGR") through 2023, according to industry research firms. By the end of 2023, it is estimated that the CM BPO industry will achieve a total market size of around $240 billion. Approximately 52% of the worldwide BPO spend comes from the Americas region, while Asia-Pacific region has the strongest growth (around 5% CAGR). Evolving buyer expectations to deliver next-generation CX will continue to fuel growth as brands increasingly turn to service providers to support their ongoing efforts for digital transformation.

The industry is also evolving to include key strategic elements beyond traditional contact centers and now includes CX consulting and digital CX services. Despite ongoing market consolidation through multiple mergers and acquisitions, this expanded scope of services driven by the digital CX needs of enterprises is likely to increase the market attractiveness for not only incumbent players but also for new providers with differentiated digital CX capabilities, according to industry research firm Everest Group.

Competition

The global contact center outsourcing market in which we operate is competitive. While many companies provide customer engagement solutions and services, we believe no one company is dominant in the industry. The industry continues to consolidate but remains very fragmented with the five largest competitors combined capturing less than 20% of the global market.

Our competitors vary by geography and business segment and range from large, multinational corporations to smaller, narrowly-focused enterprises. Across our lines of business, the principal competitive factors include: client relationships, technology and process innovation, integrated solutions, operational performance and efficiencies, pricing, and financial strength. We primarily compete with in-house customer management operations as well as other companies that provide customer experience management, including Alorica, Concentrix, Sitel, Sykes, TTEC, Teleperformance, and Transcom, among others. We also compete with smaller, specialized companies and divisions of multinational companies such as Accenture, Conduent, Infosys, Tech Mahindra and Wipro, among others.

Many of these competitors are significantly larger than us in revenue, income, number of contact centers and customer service agents, number of product offerings and market capitalization. We believe that while smaller than many of our competitors, we are able to compete because of our focus and scale as well as our ability to add value to our clients' businesses. Clients often select Startek to challenge these large competitors, seeking more innovation, flexibility and speed to market.

Government and Environmental Regulation

We are subject to numerous federal, state, and local laws in the countries, states, and territories in which we operate, including tax, employment, environmental and other laws that govern the way we conduct our business. There are risks inherent in conducting business internationally, including significant changes in domestic government programs, policies, regulatory requirements, and taxation with respect to foreign operations; unexpected changes in foreign government programs, policies, regulatory requirements and labor laws; and difficulties in staffing and effectively managing foreign operations.

Employees

We recognize our employees as the core of our success and provide them with learning opportunities, multicultural exposure, international work opportunities, and multiple career paths. As of December 31, 2019, we employed approximately 47,000 employees in 13 countries on five continents. Approximately 93% of our employees are located outside the United States. Approximately 8% of our employees were members of a labor union or were covered by collective bargaining agreements, most of which are mandated under national labor laws outside the United States. These agreements are subject to periodic renegotiations, and we anticipate that they will be renewed in the ordinary course of business without material impact to our business or in a manner materially different from other companies covered by such industry-wide agreements. We consider our employee relations to be good.

CORPORATE INFORMATION

Our principal executive offices are located at 6200 South Syracuse Way, Suite 485 , Greenwood Village, Colorado. Our telephone number is (303) 262-4500. Our website address is *www.startek.com*. Our stock currently trades on the New York Stock Exchange ("NYSE") under the symbol SRT. Our global executives are spread around the world and ensure that we have right leadership near moment of truth.

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) are available free of charge through our website (www.startek.com) as soon as practicable after we furnish it to the Securities and Exchange Commission (“SEC”). We also make available on the “Investor Relations” page of our corporate website, the charters for the Compensation Committee, Audit Committee and Governance and Nominating Committee of our Board of Directors, as well as our Corporate Governance Guidelines and our Code of Ethics and Business Conduct.

None of the information on our website or any other website identified herein is part of this report. All website addresses in this report are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Market and Client Related Risks

A substantial portion of our revenue is generated by a limited number of clients. The loss or reduction in business from any of these clients would adversely affect our business and results of operations.

Revenue from our five largest clients together accounted for 39% and our top client accounted for 17% of our total revenues for the twelve months ending December 31, 2019. Any loss of business from any major client could reduce our revenue and significantly harm our business.

We may not be able to retain our principal clients. If we were to lose any of our principal clients, we may not be able to replace the revenue on a timely basis. A number of factors, other than our performance, could cause the loss of a client or reduction of business from a client. In certain cases, our business may be impacted when a large client changes its outsourcing strategy by moving more work in-house. Reduced outsourcing spending in response to a challenging economic or competitive environment may also result in our loss of a client.

The future revenue we generate from our principal clients may decline or grow at a slower rate than expected or than it has in the past. In the event we lose any of our principal clients or do not receive call volumes anticipated from these clients, we may suffer from the costs of underutilized capacity because of our inability to eliminate all of the costs associated with conducting business with that client, which could exacerbate the effect that the loss of a principal client would have on our operating results and financial condition. Additional productivity gains could be necessary to offset the negative impact that lower per-minute revenue at higher volume levels would have on our margins in future periods.

We depend on several large clients concentrated in a few industries, as well as clients located in a few geographies. Economic slowdown or factors that affect these industries could reduce our revenues and harm our business.

A substantial portion of our clients are concentrated in the telecommunication industry. During the twelve months ended December 31, 2019, we derived 38% of our total revenues from the telecommunication industry. During 2019, certain of our clients from the telecommunications industry have terminated contracts and/or reduced volumes. This has resulted in significant reduction in our revenues from the United States and have also resulted in sharp decrease in profitability. We expect to continue to experience volatility with regards to call volumes with our telecommunications clients in 2020, and the shift in client demand from customer voice experience solutions toward digital customer experience solutions may increase as digital solutions become more effective at resolving customers’ needs. This may lower the demand for our services or impact the prices that we can obtain for our services and consequently, adversely affect our revenues and profitability. A reduction in the amount of business we receive from our clients could also result in stranded capacity and costs and adversely affect our business, results of operations and financial condition.

Economic slowdowns in some markets, particularly the United States, Saudi Arabia, India, Australia, South Africa, Malaysia and Argentina may cause reductions in spending by our clients, which may impede our ability to maintain existing business or develop new business and adversely impact our results of operations and financial condition. A downturn in any of our targeted industries, particularly the telecommunications, banking and financial services, travel and leisure industries, a slowdown or reversal of the trend to offshore business process outsourcing in any of these industries or the introduction of regulation which restricts or discourages companies from outsourcing could result in a decrease in the demand for our services and adversely affect our results of operations.

Client consolidation could result in a loss of business that would adversely affect our operating results.

The telecommunications industry has had a significant level of consolidation. We cannot assure that additional consolidations will not occur in which our clients acquire additional businesses or are acquired themselves. Such consolidations may decrease our business volume and revenue, which could have an adverse effect on our business, results of operations and financial condition.

Our contracts generally do not contain minimum purchase requirements and can generally be terminated by our customers on short notice without penalty.

We enter into written agreements with each client for our services and seek to sign multi-year contracts with our clients. However, these contracts generally permit termination upon 30 to 90 days' notice by our clients, do not designate us as our clients' exclusive outsourced services provider, do not penalize our clients for early termination, hold us responsible for work performed that does not meet predefined specifications and do not contain minimum purchase requirements or volume commitments. Accordingly, we face the risk that our clients may cancel or renegotiate contracts we have with them, which may adversely affect our results. If a principal client canceled or did not renew its contract with us, our results would suffer. In addition, because the amount of revenue generated from any particular client is generally dependent on the volume and activity of our clients' customers, as described above, our business depends in part on the success of our clients' products. The number of customers who are attracted to the products of our clients may not be sufficient or our clients may not continue to develop new products that will require our services, in which case it may be more likely for our clients to terminate their contracts with us. Clients can generally reduce the volume of services they outsource to us without any penalties, which would have an adverse effect on our revenue, results of operations and overall financial condition.

Our strategy depends on companies continuing to outsource non-core services.

Some of our clients have been decreasing the number of firms they rely on to provide outsourced services. Due to financial uncertainties and the potential reduction in demand for our clients' products and services, our clients and prospective clients may decide to further consolidate the number of firms on which they rely for outsourced services. Under these circumstances, our clients may cancel current contracts with us, or we may fail to attract new clients, which will adversely affect our financial condition.

Intense competition in the market for outsourcing services could affect our win rates and pricing, which could reduce our share of business from clients and decrease our revenues and/or our profits.

Our revenues and profits depend, in part, upon the continued demand for our services by our existing and new clients and our ability to meet this demand in a competitive and cost-effective manner. The outsourcing services market is highly competitive. Our competitors include large global outsourcing and technology firms, regional outsourcing services firms, software and solution providers, niche service providers and in-house customer support services departments of large corporations.

The outsourcing services industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources or competitors with more competitive service offerings in emerging areas of demand, such as digital solutions, cloud based solutions and artificial intelligence based solutions. In addition, some of our competitors have added offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently. Many of these competitors are also substantially larger than us and have more diversified infrastructure and contact center locations than us. We may face competition in countries where we currently operate, as well as in countries in which we expect to expand our operations. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues, have more extensive existing client relationships and technology partnerships and have greater brand recognition than we do. We may be unable to compete successfully against these competitors or may lose clients to these competitors.

Additionally, our ability to compete effectively also depends in part on factors outside our control, such as the price at which our competitors offer comparable services, and the extent of our competitors’ responsiveness to their clients’ needs. Moreover, our ability to maintain or increase pricing is restricted as clients often expect that as we do more business with them, they will receive volume discounts or lower rates. In addition, existing and new customers are also increasingly using third-party consultants with broad market knowledge to assist them in negotiating contractual terms. Any inability to maintain or increase pricing on account of this practice may also adversely impact our revenues, gross profits, operating margins and results of operations.

Risks arising from the investments we make in anticipation of and to maintain our growth

Our business relies heavily on technology and computer systems, which subjects us to various uncertainties, damage or disruptions within or beyond our control

We have invested in sophisticated and specialized telecommunications and computer technology and have focused on the application of this technology to meet our clients' needs. We anticipate that it will be necessary to continue to invest in and develop new and enhanced technology on a timely basis to maintain our competitiveness. There can be no assurance that any of our information systems will be adequate to meet our future needs or that we will be able to incorporate new technology to enhance and develop our existing services. There can be no assurance that any technology or computer system will not encounter outages or disruptions. Any significant failure, damage or destruction of our equipment or systems, or any major disruptions to basic infrastructure such as power and telecommunications systems in the locations in which we operate, could impede our ability to provide services to our clients and thus adversely affect their businesses, have a negative impact on our reputation and may cause us to incur substantial additional expenses to repair or replace damaged equipment or facilities. Our future success will also depend in part on our ability to anticipate and develop information technology solutions, controls, and processes that keep pace with evolving industry standards, changing client demands, and increasing risks.

Our business will be adversely affected if we fail to enhance existing services or anticipate and develop new services and effectively manage the rapid changes in the use of technology.

The outsourcing and technology services market is characterized by rapid technological change leading to automation of services, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new service offerings to meet client needs. We may fail to anticipate or respond to these advances on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace and may need significant investments. We are working to develop several new solutions involving artificial intelligence-based automation, robotic process automation, social media analytics and other technologies both inhouse and in partnership with smaller companies that have developed niche expertise in these technologies. The complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. In addition, the development of some of the services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our inability to recoup some or all of these investments. Further, better or more competitively priced products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

Our operating results may be adversely affected if we are unable to maximize our facility capacity utilization.

Our profitability is influenced by our facility capacity utilization. The majority of our business involves technical support and customer care services initiated by our clients' customers, and as a result, our capacity utilization varies, and demands on our capacity are, to some degree, beyond our control. We continuously anticipate and forecast business growth and infrastructure requirements and may invest in new facilities with or without contracted business from such facilities. We have experienced, and in the future may experience periods of idle capacity from opening new facilities where forecasted volume levels do not materialize. In addition, we have experienced, and in the future may experience idle peak period capacity when we open a new facility or terminate or complete a large client program. These periods of idle capacity may be exacerbated if we expand our facilities or open new facilities in anticipation of new client business because we generally do not have the ability to require a client to enter into a long-term contract or to require clients to reimburse us for capacity expansion costs if they terminate their relationship with us or do not provide us with anticipated service volumes.

We assess the expected long-term capacity utilization of our facilities and may consolidate or close under-performing facilities in order to maintain or improve targeted utilization and margins. We may incur impairment losses and restructuring charges in future years as a result of closing facilities. There can be no assurance that we will be able to achieve or maintain optimal facility capacity utilization.

If client demand declines due to economic conditions or otherwise, we may not be able to leverage our fixed costs as effectively, which would have a material adverse effect on our results of operations and financial condition.

Adverse changes to our relationships with the companies with whom we have an alliance or joint venture or in the business of the companies with whom we have an alliance or joint venture could adversely affect our results of operations.

We have a joint venture with a large telecom operator in the Kingdom of Saudi Arabia. The priorities and objectives of the joint venture partner may differ from ours. In addition, the joint venture partner is the largest client of the joint venture entity. An adverse economic environment leading to adverse conditions at the joint venture partner’s business could lead to lower volumes for us and may adversely affect our results of operations. Any renegotiation in the terms of the joint venture agreement that are detrimental to us relative to the current shareholder agreement between the joint venture parties could also have adverse impact on our financials. Termination of the contract with the joint venture partner entity could significantly hamper our operations in the Kingdom of Saudi Arabia and would have a significant adverse impact on the consolidated results of our operations.

Goodwill that we carry on our balance sheet could be subjected to significant impairment charges in the future.

As a result of two significant business combinations, we carry a significant amount of goodwill on our balance sheet. Goodwill is subject to impairment review at least annually. Impairment testing under US Generally Accepted Accounting Principles may lead to impairment charges in the future. Any significant impairment charges could have a material adverse effect on our results of operations. As of December 31, 2019, based on the quantitative assessment, we concluded that goodwill was partly impaired. Our annual impairment testing resulted in an impairment loss of $7,146 in Argentina owing primarily to the devaluation of the local currency and South Africa due to the business outlook.

We have and may incur material restructuring charges in the future.

We continually evaluate ways to reduce our operating expenses and adapt to changing industry and market conditions through new restructuring opportunities, including more effective utilization of our assets, workforce, and operating facilities. We have recorded restructuring charges in the past related to involuntary employee terminations, facility closures, and other restructuring activities, and we may incur material restructuring charges in the future. The risk that we incur material restructuring charges may be heightened during economic downturns, if clients’ demand, preferences or expectations change rapidly, or with expanded global operations.

Operations Related Risks

Failure to attract and retain key management personnel may adversely impact our strategy execution and financial results.

Our ability to attract, successfully integrate and retain key management personnel could have a significant impact on our ability to compete or to execute on our business strategy. Changes in key management personnel may temporarily disrupt our operations as the new management becomes familiar with our business. Accordingly, our future financial performance will depend to a significant extent on our ability to attract, motivate and retain key management personnel.

If we are not able to hire and retain qualified employees, our ability to service our existing customers and retain new customers will be adversely affected.

Our success is largely dependent on our ability to recruit, hire, train and retain qualified employees. Our business is labor intensive and, as is typical for our industry, continues to experience high personnel turnover. Our operations, especially our technical support and customer care services, generally require specially trained employees, which, in turn, requires significant recruiting and training costs. Such turnover adversely affects our operating efficiency, productivity and ability to fully respond to client demand, thereby adversely impacting our operating results. Some of this turnover can be attributed to the fact that we compete for labor not only with other call centers but also with other similar-paying jobs, including retail, services industries, food service, etc.

As such, improvements in the local economies in which we operate can adversely affect our ability to recruit agents in those locations. Further increases in employee turnover or failure to effectively manage these high attrition rates would have an adverse effect on our results of operations and financial condition.

The addition of new clients or implementation of new projects for existing clients may require us to recruit, hire, and train personnel at accelerated rates. We may not be able to successfully recruit, hire, train, and retain sufficient qualified personnel to adequately staff for existing business or future growth, particularly if we undertake new client relationships in industries in which we have not previously provided services. Because a substantial portion of our operating expenses consists of labor-related costs, labor shortages or increases in wages (including minimum wages as mandated by the federal governments, employee benefit costs, employment tax rates, and other labor related expenses) could cause our business, operating profits, and financial condition to suffer. Economic and legislative changes in the U.S. may encourage organizing efforts in the future which, if successful, could further increase our recruiting and training costs and could decrease our operating efficiency and productivity.

Our operating costs may increase as a result of higher labor costs or increase in minimum wages.

We have sought to contain our labor costs by limiting salary increases and payment of cash bonuses to our employees. The local economies in some of the locations in which we operate may experience growth, which causes pressure on labor rates to remain competitive within the local economies. If these growth trends continue, we may need to further increase salaries or otherwise compensate our employees at higher levels in order to remain competitive. Recent legislation with respect to raising the minimum wage has been passed in certain U.S. states in which we operate, which will likely lead to higher wages in certain facilities. Higher salaries or other forms of compensation are likely to increase our cost of operations. If such increases are not offset by increased revenue, they will negatively impact our financial results.

Wage costs in offshore delivery locations such as India and Philippines have historically been significantly lower than wage costs in the United States for comparably skilled professionals, which has been one of our competitive strengths. Offshore outsourcing is a politically sensitive topic in the US and elsewhere. There have been increased expression of concern by many organizations and public figures about a perceived association between offshore outsourcing providers and the loss of jobs in their home countries. Recently there has been an indication that immigration regulations in United States could undergo significant changes that may require us to substitute offshoring with local hires in the United States. Such hiring could result in overall increased wage costs thereby impacting profitability.

Additionally, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We have historically experienced significant competition for employees from large multinational companies that have established and continue to establish offshore operations in India, as well as from companies within India. This competition has led to wage pressures in attracting and retaining employees, and these wage pressures have led to a situation where wages in India are increasing at a faster rate than in the United States.

Employee strikes, collective bargaining agreements and other labor-related disruptions may adversely affect our operations.

In certain geographies, like Argentina, our workforce is part of collective bargaining agreements which require us to negotiate wage hikes with labor unions. Our inability to negotiate favorable wage hikes for us or our inability to pass on these wage hikes completely to our customers in the form of increased pricing will adversely impact our profitability and operating margins. In the past, some of our employees in other geographies have attempted to organize a labor union, and economic and legislative changes may encourage organizing efforts in the future, which, if successful, could further increase our recruiting and training costs and could decrease our operating efficiency and productivity. We cannot assure that there will not be any strike, lock out or material labor dispute in the future. Work interruptions or stoppages could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are also a party to various labor disputes and potential disputes. If our provisions for any of our labor claims are insufficient or the claims against us rise significantly in the future, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our financial condition and results of operations for 2020 could get adversely affected by health pandemics such as the recent Coronavirus or COVID-19 outbreak.

Our business could be materially and adversely affected by health pandemics, including, but not limited to, outbreaks of the Coronavirus or COVID-19. Outbreaks of COVID-19 have alarmed people around the world, affecting economic activity around the world. More recently, cases of the COVID-19 virus have been identified internationally, including confirmed human outbreaks and deaths. Any prolonged pandemic of the COVID-19, or other contagious infection in the markets in which we do business may result in worker absences, lower asset utilization rates, voluntary closure of our offices and delivery centers, travel restrictions on our employees, and other disruptions to our business. Moreover, health epidemics may force local health and government authorities to mandate the closure of our offices and delivery centers. Any prolonged or widespread health pandemic could severely disrupt our business operations, result in a significant decrease in demand for our services, and have a material adverse effect on our financial condition, results of operations and cash flows.

Increases in the cost of telephone and data services or significant interruptions in such services could adversely affect our business.

We depend on telephone and data services provided by various local and long-distance telephone companies. Because of this dependence, any change to the telecommunications market that would disrupt these services or limit our ability to obtain services at favorable rates could affect our business. For example, the concentration and bargaining power of technology and telecommunications suppliers, most of which are beyond our control or which we cannot predict, could increase the cost of telecommunication services. We have taken steps to mitigate our exposure to the risks associated with rate fluctuations and service disruption by entering into long-term contracts with various providers for telephone and data services and by investing in redundant circuits. There is no obligation, however, for the vendors to renew their contracts with us or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control.

In addition, there is no assurance that a redundant circuit would not also be disrupted. A significant increase in the cost of telephone services that is not recoverable through an increase in the price of our services or any significant interruption in telephone services, could adversely affect our business.

Our foreign operations subject us to the risk of currency exchange fluctuations.
Although most of our revenue and costs are in local currency of the geography we operate in, we do run a currency risk because we deliver a portion of our business in an offshore location relative to the location of our clients. In such offshore deals, in certain geographies revenue is generated in U. S. Dollars but operating costs are paid in local currencies. Thus, we are exposed to market risk from changes in the value of these currencies to the US dollar. We engage in hedging activities relating to our exposure to such fluctuations in the value of the Canadian dollar and the Philippine peso. Our term lenders require us to enter into foreign currency range forward contracts with regards to Indian rupee, Malaysian ringgit and Australian dollar relative to the US dollar. These forward contract hedges are not designated hedges under ASC 815, *Derivatives and Hedging*. Our hedging strategy, including our ability to acquire the desired amount of hedge contracts, may not sufficiently protect us from strengthening or weakening of these currencies against the U.S. dollar.

Some of the countries we have presence in have experienced inflation and volatility in the past and some Latin American countries, such as Argentina, have recently been classified as hyperinflationary economies. While inflation may not have a significant effect on the profit and loss of a local subsidiary itself, depreciation of the local currency against the U.S. dollar would reduce the value of the dividends payable to us from our operating companies. We report our financial results in U.S. dollars and our results of operations would be adversely affected if these local currencies depreciate significantly against the U.S. dollar, which may also affect the comparability of our financial results from period to period, as we convert our subsidiaries' statements of financial position into U.S. dollars from local currencies at the period end exchange rate, and income and cash flow statements at average exchange rates for the year.

We may incur losses due to unanticipated or significant intra quarter movements in currency markets which could have an adverse impact on our profit margin and results of operations. Also, the volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively.

Changes in tax laws in the geographies we operate in could have an adverse impact on our financial results.

Due to the global nature of our operations, we are subject to the complex and varying tax laws and rules of several jurisdictions and have material tax-related contingent liabilities that are difficult to predict or quantify. In preparing our financial statements, we calculate our effective income tax rate based on current tax laws and regulations and our estimated taxable income within each of these jurisdictions. The Tax Cut and Jobs Act adopted by the United States in 2017 has significant changes to the tax laws applicable to us including a reduction in the corporate tax rate to 21%, the enactment of 100% depreciation expensing for capital expenditures and other items. During 2020, we expect to repatriate our future non-U.S. earnings to the United States and will pay non-U.S. withholding taxes associated with such repatriation.

We are also subject to tax audits, including with respect to transfer pricing, in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. Although we believe that our current tax provisions are reasonable and appropriate, there can be no assurance that these items will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition. We continuously review the potential impacts of the recent changes; however, we cannot predict any future tax law changes which could have an impact on our future tax liabilities.

The governments of jurisdictions where we have a presence could enact new tax legislation which would have a material adverse effect on our business, results of operations and financial condition. In addition, our ability to repatriate surplus earnings from our delivery centers in a tax-efficient manner is dependent upon interpretations of local laws, possible changes in such laws and the renegotiation of existing double tax avoidance treaties. Changes to any of these may adversely affect our overall tax rate, or the cost of our services to our clients, which would have a material adverse effect on our business, results of operations and financial condition.

We are subject to transfer pricing and other tax related regulations and any determination that we have failed to comply with them could materially adversely affect our profitability.

Transfer pricing regulations to which we are subject require that any international transaction among our company and its subsidiaries be on arm's-length terms. We believe that the international transactions among the Startek group companies are on arm's-length terms. If, however, the applicable tax authorities determine that the transactions among the Startek group companies do not meet arm's-length criteria, we may incur increased tax liability, including accrued interest and penalties. This would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows.

Our existing debt may affect our flexibility in operating and developing our business and our ability to satisfy our obligations.

As of December 31, 2019, we had total indebtedness of $174,868. Our level of indebtedness may have significant negative effects on our future operations, including:

- impairing our ability to obtain additional financing in the future (or to obtain such financing on acceptable terms) for working capital, capital expenditure, acquisitions or other important needs;
- requiring us to dedicate a substantial portion of our cash flow to the payment of principal and interest on our indebtedness, which could impair our liquidity and reduce the availability of our cash flow to fund working capital, capital expenditure, acquisitions and other important needs;
- increasing the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and
- limiting our ability to adjust to rapidly changing conditions in the industry, reducing our ability to withstand competitive pressures and making us more vulnerable to a downturn in general economic conditions or business than our competitors with less debt.

If we are unable to generate sufficient cash flow from operations to service our debt, we may be required to refinance all or a portion of our existing debt or obtain additional financing. We can provide no assurance that any such refinancing would be possible or that any additional financing could be obtained. Our inability to obtain such refinancing or financing may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our financing agreements impose debt covenants which are to be fulfilled by the Company and/or its subsidiaries failing which may have detrimental impact on the potential growth and results of operations.

Our secured revolving credit facility and the senior term loan facility agreement entered by our subsidiaries contains certain affirmative and negative covenants that may limit or restrict our ability to engage in certain activities, including but not limited to, making certain investments, limiting capital expenditures, incurring additional indebtedness, and engaging in mergers and acquisitions. If we are not able to meet these covenants, our ability to respond to changes in the business or economic conditions may be limited, and we may be unable to engage in certain activities that otherwise may be beneficial to our business. We can provide no assurance that we will be able to meet the financial covenants under our credit facility, or that in the event of noncompliance, we will be able to obtain waivers or amendments from our lenders. If we fail to comply with the terms of the agreement, our lender could decide to call any amounts outstanding immediately, and there can be no assurance that we would have adequate resources or collateral to satisfy the demand. Any such scenario would have a material adverse impact on our financial condition.

One of the subsidiaries of the Company was in non-compliance with respect to one of such covenants for the relevant period ended December 31, 2019. This was due to step-up in the requirement of the covenant relative to the previous period when the Company was in compliance. The Company sought from the respective lender consortium an appropriate waiver with regards to this non-compliance. The Company has since received the requisite waiver from the relevant lender consortium. Further, we have received an in-principle approval from the lender consortium to revise the basis of the covenant testing going forward. Basis the revised covenant testing approach, we would have met the covenant for December 31, 2019 and also expect to meet all covenants in the future.

If we are unable to fund our working capital requirements and new investments, our business, financial condition, results of operations and prospects could be adversely affected.

The outsourcing industry is characterized by high working capital requirements and the need to make new investments in operating sites and employee resources to meet the requirements of our clients. We incur significant startup costs related to investments in infrastructure to provide our services and the hiring and training of employees, such expenses being historically incurred before revenue is generated.

In addition, we are exposed to adverse changes in our key clients' payment policies, which could have a material adverse impact on our ability to fund our working capital needs. During the twelve months ended December 31, 2019, our average days sales outstanding ("DSO") was approximately 60 days. If our key clients implement policies which extend the payment terms of our invoices, our working capital levels could be adversely affected and our finance costs may increase. If we are unable to fund our working capital requirements, access financing at competitive prices or make investments to meet the expanding business of our existing and potential new clients, our business, financial condition, results of operations and prospects could be adversely affected.

Regulatory and related risks

Cyberattacks or the improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business.

We are dependent on networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our alliance partners and clients and we may be required to store sensitive or confidential client data in connection with the services we provide. As a result, we are subject to contractual terms and numerous U.S. and foreign laws and regulations designed to protect this information. Furthermore, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. Although we have implemented appropriate policies and procedures to reduce the possibility of physical, logical and personnel security breaches, along with appropriate audit oversight for verifying continued operating effectiveness of the same through internal audits and external SSAE16 and PCI-DSS reviews, no such measures can completely eliminate the risk of cybersecurity attacks, especially in light of advances in criminal capabilities (including cyber-attacks or cyber intrusions over the internet, malware, computer viruses and the like), discovery of new vulnerabilities or attempts to exploit existing vulnerabilities in interconnected third party systems that are beyond our control systems.

Unauthorized disclosure, either actual perceived, of sensitive or confidential client or customer data, whether through systems failure, system intrusion, employee negligence, fraud or otherwise could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for our clients, whether by our employees or third parties, could result in negative publicity, legal liability and damage to our reputation, business, financial condition, results of operations and cash flows.

While to date the Company has not experienced a significant compromise, significant data loss or material financial losses related to cyber security attacks that has had an adverse effect on our operations, there is no assurance that there may not be a material adverse effect in the future. Although we maintain cyber liability insurance, such insurance may not adequately or timely compensate us for all losses we may incur as any of our client contracts do not contain limitations of liability for such losses.

Our foreign operations are subject to social, political and economic risks that differ from those in the United States.

We conduct a significant portion of our business and employ a substantial number of people outside of the United States. During the twelve months ended December 31, 2019, we generated approximately 81% or $535 million of our revenue from operations outside the United States. Circumstances and developments related to foreign operations that could negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing operations in certain regions;
- differing employment practices and labor issues;
- local business and cultural factors that differ from our usual standards and practices;
- volatility in currencies;
- currency restrictions, which may prevent the transfer of capital and profits to the United States;
- unexpected changes in regulatory requirements and other laws;

- potentially adverse tax consequences;
- the responsibility of complying with multiple and potentially conflicting laws, e.g., with respect to corrupt practices, employment and licensing;
- the impact of regional or country-specific business cycles and economic instability;
- political instability, uncertainty over property rights, civil unrest, political activism or the continuation or escalation of terrorist activities; and
- access to capital may be more restricted, or unavailable on favorable terms or at all in certain locations.

Our global growth (including growth in new regions in the United States) also subjects us to certain risks, including risks associated with funding increasing headcount, integrating new offices, and establishing effective controls and procedures to regulate the operations of new offices and to monitor compliance with regulations such as the Foreign Corrupt Practices Act and similar laws.

Although we have committed substantial resources to expand our global platform, if we are unable to successfully manage the risks associated with our global business or to adequately manage operational fluctuations, our business, financial condition and results of operations could be harmed.

We process, transmit and store personally identifiable information and unauthorized access to or the unintended release of this information could result in a claim for damage or loss of business and create unfavorable publicity.

We process, transmit and store personally identifiable information, both in our role as a service provider and as an employer. This information may include social security numbers, financial and health information, as well as other personal information. As a result, we are subject to certain contractual terms as well as federal, state and foreign laws and regulations designed to protect personally identifiable information. We take measures to protect against unauthorized access and to comply with these laws and regulations. We use the Internet as a mechanism for delivering our services to clients, which may expose us to potential disruptive intrusions. Unauthorized access, system denials of service, or failure to comply with data privacy laws and regulations may subject us to contractual liability and damages, loss of business, damages from individual claimants, fines, penalties, criminal prosecution and unfavorable publicity, any of which could negatively affect our operating results and financial condition. In addition, third party vendors that we engage to perform services for us may have an unintended release of personally identifiable information.

We are required to comply with laws governing the transmission, security and privacy of protected health information.

We are required to comply with applicable laws governing the transmission, security and privacy of health information, including, among others, the standards of The Health Insurance Portability and Accountability Act (“HIPAA”). The failure to comply with any of these laws could make it difficult to expand our health care business process outsourcing business and/or cause us to incur significant liabilities.

The failure to comply with debt collection and consumer credit reporting regulations could subject us to fines and other liabilities, which could harm our reputation and business, and could make it more difficult for us to retain existing customers or attract new customers.

The Fair Debt Collection Practices Act ("FDCPA") regulates persons who regularly collect or attempt to collect, directly or indirectly, consumer debts owed or asserted to be owed to another person, which includes our debt collection business. Many states impose additional requirements on debt collection communications and some of those requirements may be more stringent than the federal requirements. In addition, many U.S. states require a debt collector to apply for, be granted and maintain a license to engage in debt collection activities in a state. We are currently licensed (or exempt from licensing requirements) to provide debt collection services in most U.S. states. Moreover, regulations governing debt collection are subject to changing interpretations that may be inconsistent among different jurisdictions. We could be subject to fines or other penalties if we are determined to have violated the FDCPA, the Fair Credit Reporting Act or analogous state laws, which could make it more difficult to retain existing customers or attract new customers and could otherwise harm our business.

Argentina has undergone significant political, social and economic instability in the past several years, and if such instability continues or worsens, our Argentine operations could be materially adversely affected.

During the twelve months ended December 31, 2019, our Argentina operations accounted for 6.1% of our total revenue. Argentina has been facing economic difficulty for the past several years. Since 2015, the Argentine economy has experienced a recession, as well as a political and social crisis, and the significant depreciation of the Argentine peso against major international currencies. Depending on the relative impact of other variables affecting our operations, including technological changes, inflation, gross domestic product (“GDP”) growth, and regulatory changes, the continued depreciation of the Argentine peso may have a negative impact on our business in Argentina.

The country has been experiencing high inflation in recent years and there can be no assurance that Argentina will not experience another recession, higher inflation, devaluation, unemployment and social unrest in the future.

In the past, Argentina has been under a severe exchange control system that required government approval for any transfer of funds. Although administrations have taken measures to lift foreign exchange controls there can be no assurance that the Argentine government will not impose new restrictions on the transfer of funds from Argentina to preserve and protect foreign exchange reserves. If we are unable to repatriate funds from Argentina for whatever reason, we will not be able to use the cash flow from our Argentine operations to finance our operating requirements elsewhere or to satisfy our debt obligations.

Market Related Risks

Our largest stockholder has the ability to significantly influence corporate actions.

Capital Square Partners (“CSP”), a Singapore-based private equity fund, is our principal shareholder following the combination of Aegis and the Company. CSP owns approximately 55% of our outstanding stock. The Stockholders Agreement dated July 20, 2018, gives CSP the right to appoint majority directors on our Board of Directors including the Chairman of the Board of Directors. Currently there are four Directors appointed by CSP, including the Executive Chairman and CEO.

CSP has a continuing ability to exercise significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our Company or our assets. This concentrated control by CSP limits the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our other shareholders do not view as beneficial.

Future equity issuances may dilute the holdings of ordinary shareholders and could materially affect the market price of our ordinary shares.

We may in the future decide to offer additional equity to raise capital or for other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of our ordinary shares, as well as our earnings per ordinary share and net asset value per ordinary share. Future sales of substantial amounts of our ordinary shares in the public market, whether by us or by our existing shareholders, or the perception that sales could occur, may adversely affect the market price of our shares, which could decline significantly.

Our stock price has been volatile and may decline significantly and unexpectedly.

The market price of our common stock has been volatile, and could be subject to wide fluctuations, in response to quarterly variations in our operating results, changes in management, the degree of success in implementing our business and growth strategies, announcements of new contracts or contract cancellations, announcements of technological innovations or new products and services by us or our competitors, changes in financial estimates by securities analysts, the perception that significant stockholders may sell or intend to sell their shares, or other events or factors we cannot currently foresee. We are also subject to broad market fluctuations, given the overall volatility of the current U.S. and global economies, where the market prices of equity securities of many companies experience substantial price and volume fluctuations that have often been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of our common stock. Additionally, because our common stock trades at relatively low volume levels, any change in demand for our stock can be expected to substantially influence market prices thereof.

If Amazon exercises its right to acquire shares of our common stock pursuant to the Warrant, it will dilute the ownership interests of our then-existing stockholders and could adversely affect the market price of our stock.

On January 23, 2018, we entered into a Transaction Agreement (the “Amazon Transaction Agreement”) with Amazon.com, Inc. ("Amazon"). Pursuant to which we agreed to issue to Amazon.com NV Investment Holdings LLC, a wholly owned subsidiary of Amazon, a warrant (the “Warrant”) to acquire up to 4,000,000 shares of our common stock, subject to certain vesting events. If Amazon exercises its right to acquire shares of our common stock pursuant to the Warrant, it will dilute the ownership interests of our then-existing stockholders and reduce our earnings per share. In addition, any sales in the public market of any common stock issuable upon the exercise of the Warrant by Amazon could adversely affect prevailing market prices of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2019, we had operating centers in the following cities, containing in the aggregate approximately 2,650 thousand square feet:

Country		Number of Facilities	Total (Thousand Sq. Ft.)
US		10	364
Canada		1	49
Philippines		4	81
Honduras		3	198
Caribbean		1	25
Argentina		4	132
India		16	865
Malaysia		3	559
Sri Lanka		1	34
Peru		1	18
South Africa		2	92
Australia		1	52
Saudi Arabia		2	181
	Total	**49**	**2,650**

All the above facilities are leased except one site in India which is owned by us. Sites that are not currently operating as of December 31, 2019 are not included in the list above.

Substantially all of our facility space can be used to support any of our business process outsourced services. We believe our existing facilities are adequate for our current operations. We intend to maintain efficient levels of excess capacity to enable us to readily provide for needs of new clients and increasing needs of existing clients.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON STOCK

Our common stock has been listed on the NYSE under the symbol "SRT" since the effective date of our initial public offering on June 19, 1997.

HOLDERS OF COMMON STOCK

As of March 6, 2020, there were approximately 24 record holders and 38,528,400 shares of common stock outstanding. See Item 1A. "Risk Factors," set forth in this Form 10-K for a discussion of risks related to control that may be exercised over us by our principal stockholders.

DIVIDEND POLICY

On January 22, 2007, our board of directors announced it would not declare a quarterly dividend on our common stock in the first quarter of 2007 and did not expect to declare dividends in the near future, making the dividend paid in November 2006 the last quarterly dividend that will be paid for the foreseeable future. We plan to invest in growth initiatives and pay down debt in lieu of paying dividends.

STOCK REPURCHASE PROGRAM

Effective November 4, 2004, our board of directors authorized repurchases of up to $25 million of our common stock. The repurchase program will remain in effect until terminated by the board of directors and will allow us to repurchase shares of our common stock from time to time on the open market, in block trades and in privately-negotiated transactions. Repurchases will be implemented by the Chief Financial Officer consistent with the guidelines adopted by the board of directors and will depend on market conditions and other factors. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. Any repurchases will be made in accordance with SEC rules. As of the date of this filing, no shares have been repurchased under this program.

ITEM 6. SELECTED FINANCIAL DATA

Smaller reporting companies are not required to provide the information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying Consolidated Financial Statements included elsewhere in this annual report.

OVERVIEW

Startek is a global business process outsourcing company that provides omnichannel customer interactions, technology and back-office support solutions for some of the world's most iconic brands in a variety of vertical markets. Operating under Startek and Aegis brand, we help these large global companies connect emotionally with their customers, solve issues, and improve net promoter scores and other customer-facing performance metrics. Through consulting and analytics services, technology-led innovation, and engagement solutions powered by the science of dialogue, we deliver personalized experiences at the point of conversation between our clients and their customers across every interaction channel and phase of the customer journey.

Startek has proven results for the multiple services we provide, including sales, order management and provisioning, customer care, technical support, receivables management, and retention programs. We manage programs using a variety of multi-channel customer interactions, including voice, chat, email, social media and back-office support. Startek has facilities in India, United States, Malaysia, Philippines, Australia, South Africa, Canada, Honduras, Jamaica, Kingdom of Saudi Arabia, Argentina, Peru and Sri Lanka.

SIGNIFICANT DEVELOPMENTS

None

RESULTS OF OPERATIONS — TWELVE MONTHS ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

Pursuant to the completion of the Aegis acquisition on July 20, 2018, the Aegis Stockholder became the holder of 20,766,667 shares of Common Stock, representing approximately 55% of the outstanding Common Stock. For accounting purposes, the Aegis acquisition is treated as a reverse acquisition and Aegis is considered the accounting acquirer. Accordingly, Aegis' historical financial statements replace the Company's historical financial statements following the completion of the Aegis Transactions, and the results of operations of both companies will be included in the Company's financial statements for all periods following the completion of the Aegis Transactions. The historical financial information presented for the periods and dates prior to July 20, 2018 is that of Aegis, and for periods subsequent to July 20, 2018 is that of the combined company.

Upon filing of the 8-K/A on October 5, 2018, the fiscal year end of the Company was changed from March 31 to December 31 by the Board of Directors. Consequently, the fiscal year ending December 31, 2018 comprises of 9-months of operations from April 1, 2018 to December 31, 2018. As a result, the financials discussed below are not strictly comparable as the financials for the nine months period ended December 31, 2018 represent only Aegis operations until July 20, 2018 and the twelve months period ended December 31, 2019 represents the combined operations of Aegis and Startek for the full period.

Revenue

Our gross revenues for the twelve months ended December 31, 2019 increased by 56.8% to $659,205 as compared to $420,317 for the nine months ended December 31, 2018. The increase in revenues is due to the consolidation of Startek with Aegis and also as we are comparing twelve months period for 2019 with nine months period for 2018.

The nine months ended December 31, 2018 includes only Aegis until July 20, 2018 while the current twelve months ended December 31, 2019 includes both Startek and Aegis. In order to promote a better understanding of the overall results of the combined business, we are providing below pro forma revenues for the twelve months ended December 31, 2018 combining the revenues for Aegis and Startek for full period.

The financial information presented below is presented for illustrative purposes only and does not purport to represent what the results of operations of operations would actually have been had the combination of Aegis and Startek occurred on January 1, 2018, or to project the combined results of operations for any future periods.

	For Twelve months ended December 31, 2019	Pro forma for Twelve months ended December 31, 2018
Revenues	659,205	676,665
Warrant Contra Revenue	(1,295)	(2,500)
Net Revenue	**657,910**	**674,165**

Our net revenues for the twelve months ended December 31, 2019 was $657,910 compared to $674,165 for the twelve months ended December 31, 2018 on a pro forma basis. The breakdown of our revenues from various industry verticals for twelve months ended December 31, 2019 and December 31, 2018 on a pro forma basis is as follows:

	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Telecom	38%	49%
E-commerce & Consumer	16%	13%
Financial & Business Services	8%	9%
Media & Cable	14%	11%
Travel & Hospitality	11%	9%
Healthcare & Education	7%	5%
Technology, IT & Related Services	2%	2%
Others	4%	2%

The decrease in revenue was driven by the lower revenues in telecommunications vertical partly offset by higher revenues in other verticals.

We have been successful in our strategy to diversify outside of telecommunication vertical which contributed around 38% of our revenue for the twelve months ended December 31,2019 as compared to 49% for the comparable twelve months ended December 31, 2018. We continue to focus on providing value added services to our telecom clients and shifting our business mix towards the premium market rather than the mass market.

We have been growing steadily in the e-commerce and consumer industry with our existing customers continue to increase their business with us. We continue to grow new business lines from our large clients in the media and cable industry vertical.

Our revenue decline in the twelve months ended December 31, 2019 as compared to the proforma revenues for the twelve months ended December 31, 2018 was also impacted negatively by fluctuations in foreign exchange particularly that of Argentine peso and Indian rupee relative to the US dollar.

Cost of Services and Gross Profit

Overall, cost of services as a percentage of revenue decreased to 83.1% for the twelve months ended December 31, 2019 as compared to 84.6% for the nine months ended December 31, 2018. Employee benefit expense, rent costs and Depreciation and amortization are the most significant costs for the Company, representing 76.3%, 5.5% and 4.0% of total Cost of services, respectively. The breakdown of cost of services is listed in the table below:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018	As % of sales	
			Current period	Prior period
Employee benefit expenses	$ 417,497	$ 262,956	63.5%	62.6%
Rent	30,271	17,290	4.6%	4.1%
Depreciation & amortization	21,919	15,300	3.3%	3.6%

Others		77,327	60,045	11.8%	14.3%
Total	$	547,014	$ 355,591		

Employee benefit expenses: Our business heavily relies on our employees to provide professional services to our clients. Thus, our most significant costs are payments made to agents, supervisors, and trainers who are directly involved in delivering services to the clients.

For the twelve months ended December 31, 2019, Employee benefit expenses as a percentage of revenues increased to 63.5% as compared to 62.6% for the nine months ended December 31, 2018. This was due to the impact of the increase in minimum wages across several geographies. We continue pursuing the strategy to diversify into more value-added premium services and high margin verticals and away from telecommunication.

Rent expense: Rent expense as a percentage of revenue increased to 4.6% for the twelve months ended December 31, 2019 as compared to 4.1% for nine months ended December 31, 2018. The increase was largely due to the combination of Startek with Aegis since the rent cost as a percentage of sales is higher for the legacy Startek business taking the consolidated rent costs as a percentage of sales higher. We also added a new site in Jamaica and a second center in Tegucigalpa in the current financial year.

Depreciation and amortization: Depreciation and amortization expense as a percentage of revenue for the twelve months ended December 31, 2019 was lower at 3.3% as compared 3.6% for the nine months ended December 31, 2018.

Other expense includes technology, utility, travel and outsourcing costs. As a percentage of revenue, these costs reduced from 14.3% to 11.8%. The reduction was due to mainly lower outsourcing and traveling expenses.

As a result, gross profit as a percentage of revenue for the twelve months ended December 31, 2019 increased to 16.9% as compared to 15.4% for the nine months ended December 31, 2018.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) as a percentage of revenue decreased from 14.3% in the nine months ended December 31, 2018 to 13.9% in the twelve months ended December 31, 2019. The decrease was largely due to the full year impact of the cost optimization and rationalization efforts undertaken by the Company as part of the post-merger integration of the Startek and Aegis.

Impairment Losses and Restructuring Charges, Net

Impairment losses and restructuring costs, net totaled $9,827 for the twelve months ended December 31, 2019 as compared to $3,962 for the nine months ended December 31, 2018. The expense for the year 2019 primarily relates to goodwill impairment losses and restructuring of our U.S. and Latin America operations where we closed one delivery center each. Our annual impairment testing resulted in an impairment loss of $7,146 in Argentina owing primarily to the devaluation of the local currency and South Africa due to the business outlook.

Acquisition related cost

Acquisition related cost for the nine month ended December 31, 2018 consist of professional and advisory fees related to the Aegis Transactions.

Interest Expense, Net

Interest expense, net totaled $15,824 for the twelve months ended December 31, 2019 as compared to $11,220 for the nine months ended December 31, 2018. The increase is primarily due to interest expense on our term debt and revolving line of credit facilities.

Income Tax Expense (Benefit)

Income tax expense for the twelve months ended December 31, 2019 was $4,791 compared to $3,570 for the nine months ended December 31, 2018. Income tax expense for the current period is primarily related to our Malaysia, India and South Africa operations. Additionally, we also pay withholding taxes related to movement of funds between various geographies primarily to service our debt facilities.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flows generated by operating activities, our working capital facilities, and term debt. We have historically utilized these resources to finance our operations and make capital expenditures associated with capacity expansion, upgrades of information technologies and service offerings, and business acquisitions. Due to the timing of our collections of receivables due from our major customers, we have historically needed to draw on our working capital facilities periodically for ongoing working capital needs. The Company expects to meet all its debt obligations and related financial covenants in a timely manner. If we are not able to meet these covenants, our ability to respond to changes in the business or economic conditions may be limited, and we may be unable to engage in certain activities that otherwise may be beneficial to our business. We can provide no assurance that we will be able to meet the financial covenants under our credit facility, or that in the event of noncompliance, we will be able to obtain waivers or amendments from our lenders.

As per the various debt agreements, the Group is required to meet certain financial covenants on a quarterly basis. One of the subsidiaries of the Company was in non-compliance with respect to one of such covenants for the relevant period ended December 31, 2019. This was due to step-up in the requirement of the covenant relative to the previous period when the Company was in compliance. The Company sought from the respective lender consortium an appropriate waiver with regards to this non-compliance. The Company has since received the requisite waiver from the relevant lender consortium. Further, we have received an in-principle approval from the lender consortium to revise the basis of the covenant testing going forward. Basis the revised covenant testing approach, we would have met the covenant for December 31, 2019 and also expect to meet all covenants in the future.

The following discussion highlights our cash flow activities during the twelve months ended December 31, 2019, and for the nine months ended December 31, 2018.

Cash and cash equivalents

Cash and cash equivalents and restricted cash held by the Company and all its foreign subsidiaries was $32,626 and $24,569 as at December 31, 2019 and December 31, 2018, respectively. Under current tax laws and regulations, if cash and cash equivalents held outside the United States are distributed to the United States in the form of dividends or otherwise, we may be subject to additional U.S. income taxes and foreign withholding taxes. The restricted cash balance as at December 31, 2019 stood at $12,162 as compared to $7,952 as at December 31, 2018. The restricted cash pertains to debt service reserve account that we have to maintain in accordance with the Senior Term Agreement and also for certain term deposits that need to be maintained in accordance with some of our lease and client agreements.

Cash flows from operating activities

For the twelve months ended December 31, 2019, and nine months ended December 31, 2018 we reported net cash flows generated from operating activities of $26,556 and $1,508 respectively. The increase in cash flows were primarily due to higher operating profits generated in the current period.

Cash flows used in investing activities

For the twelve months ended December 31, 2019, and nine months ended December 31, 2018 we reported net cash used in investing activities of $(14,256) and $(6,146) respectively. Net cash used in investing activities during the twelve months ended 2019 primarily consisted of capital expenditures.

Cash flows generated from financing activities

For the twelve months ended December 31, 2019 and nine months ended December 31, 2018 we reported net cash flows (used in)/generated from financing activities of ($3,948) and $7,823 respectively. During the year ended December 31, 2019 our net borrowings reduced by $10,658 across our various borrowing arrangements and we collected $6,710 from the issuance of common stock.

Other factors impacting liquidity

Our business currently has a high concentration in a few principal clients. The loss of a principal client and/or changes in timing or termination of a principal client's product launches or service offerings could have a material adverse effect on our business, liquidity, operating results, or financial condition. These client relationships are further discussed in Item 1A, "Risk Factors". To limit our credit risk, management from time to time will perform credit evaluations of our clients. Management does not believe substantial credit risk existed as of December 31, 2019.

There is a risk that the counter parties to our hedging instruments could suffer financial difficulties due to economic conditions or other reasons and we could realize losses on these arrangements which could impact our liquidity. However, we do not believe we are exposed to more than a nominal amount of credit risk in our derivative hedging activities, as the counter parties are established, well-capitalized financial institutions.

Because we service relatively few, large clients, the availability of cash is highly dependent on the timing of collections of our accounts receivable. As a result, we borrow cash from our working capital facilities to cover short-term cash needs. These borrowings are typically outstanding for a short period of time before they are repaid. However, our debt balance can fluctuate significantly during any given quarter as part of our ordinary course of business. Accordingly, our debt balance at the end of any given period is not necessarily indicative of the debt balance at any other time during that period.

We have entered into factoring agreements with financial institutions to sell certain of our accounts receivable under non-recourse agreements. Under the arrangement, the Company sells the trade receivables on a non-recourse basis and accounts for the transactions as sales of receivables. The applicable receivables are removed from the Company's consolidated balance sheet when the cash proceeds are received by the Company. We do not service any factored accounts after the factoring has occurred. We utilize factoring arrangements as part of our financing for working capital. The aggregate gross amount factored under these agreements was $9,872 for twelve months ended December 31, 2019.

Although management cannot accurately anticipate effects of domestic and foreign inflation on our operations, management does not believe inflation has had a material adverse effect on our results of operations or financial condition except in our Argentina operations. Considering recent inflation trends in Argentina, the Company has accounted for Argentina operations to be highly inflationary beginning on July 1, 2018 in accordance with ASC 830-10-45-12. Further, there is a risk that inflation could occur in certain countries in which we operate which could have an adverse effect on our financial results. We engage in hedging activities which may reduce this risk; however, currency hedges do not, and will not, eliminate our exposure to foreign inflation.

Contractual Obligations

Smaller reporting companies are not required to provide the information required by this item.

Debt instruments and related covenants

For more information, refer to Note 10, "Debt," to our notes to consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data."

VARIABILITY OF OPERATING RESULTS

We have experienced and expect to continue to experience some quarterly variations in revenue and operating results due to a variety of factors, many of which are outside our control, including: (i) timing and amount of costs incurred to expand capacity in order to provide for volume growth from existing and future clients; (ii) changes in the volume of services provided to principal clients; (iii) expiration or termination of client projects or contracts; (iv) timing of existing and future client product launches or service offerings; (v) seasonal nature of certain clients’ businesses; and (vi) variability in demand for our services by our clients depending on demand for their products or services and/or depending on our performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our consolidated financial statements in conformity with US-GAAP, management must undertake decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and assumptions upon which accounting estimates are based. Management applies its best judgment based on its understanding and analysis of the relevant circumstances to reach these decisions. By their nature, these judgments are subject to an inherent degree of uncertainty. Accordingly, actual results may vary significantly from the estimates we have applied.

Please refer to Note 2 of the Notes to the Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2019 for a complete description of our critical accounting policies and estimates.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As Startek is qualified for Smaller Reporting Company status, this disclosure is not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

StarTek, Inc. and Subsidiaries:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Startek, Inc.
Greenwood Village, Colorado

Opinion on Internal Control over Financial Reporting

We have audited the internal controls over financial reporting of Startek, Inc (the "Company") as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion the Company did not maintain effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company as of December 31, 2019, the related consolidated statements of income and other comprehensive income (loss), changes in equity, and cash flows for the year ended December 31, 2019, and the related notes (collectively referred to as "consolidated financial statements") and our report dated March 12, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified material weaknesses related to Information Technology General Controls over an accounting software application in the United States where they observed that 1) access controls designed for certain users of the application did not operate during the year, and 2) change controls, for the said set of users, were not designed to prevent or detect changes, if any, made to the application database, indicating absence of change controls thereon.

These material weaknesses were considered in determining the nature, timing, and extent of our audit procedures that were applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report dated March 12, 2020 on those consolidated financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO India LLP

Mumbai, India

Report Date: March 12, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Startek, Inc.
Greenwood Village, Colorado

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Startek, Inc. (the "Company") as of December 31, 2019, the related consolidated statements of income and other comprehensive income (loss), changes in equity, and cash flows for the year ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 12, 2020 expressed an adverse opinion thereon.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective on January 1, 2019, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO India LLP

We have served as the Company's auditor since 2019.

Mumbai, India

March 12, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
StarTek, Inc.
Greenwood Village, Colorado

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheet of StarTek, Inc. and subsidiaries (the "Company") as of December 31, 2018; the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for the period then ended; and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

We began serving as the Company's auditor in 2014. In 2019 we became the predecessor auditor.

Denver, Colorado

March 14, 2019

STARTEK, INC. AND SUBSIDIARIES
Consolidated Statements of Income and Other Comprehensive Income (loss)
(Dollars in thousands, except share and per share data)

	Year ended December 31, 2019	**Nine months ended December 31, 2018**
Revenue	659,205	420,317
Warrant contra revenue	(1,295)	-
Net revenue	**657,910**	**420,317**
Cost of services	(547,014)	(355,591)
Gross profit	**110,896**	**64,726**
Selling, general and administrative expenses	(91,363)	(60,020)
Impairment losses and restructuring cost	(9,827)	(3,962)
Acquisition related cost	11	(7,036)
Operating Income/ (Loss)	**9,717**	**(6,292)**
Share of profit/ (loss) of equity-accounted investees	(226)	115
Interest expense, net	(15,824)	(11,220)
Exchange gain (loss), net	(2,157)	(1,309)
Loss before income taxes	**(8,490)**	**(18,706)**
Income tax expense	(4,791)	(3,570)

Net loss	**(13,281)**	**(22,276)**
Net loss attributable to Startek shareholders	(15,018)	(24,312)
Net income/(loss) attributable to non-controlling interests	1,737	2,036
Other comprehensive (loss) / income, net of tax		
Foreign currency translation	(579)	(3,879)
Change in fair value of derivative instruments	490	(15)
Pension amortization	(740)	(2,246)
Comprehensive Income/ (loss) for the year	**(14,110)**	**(28,416)**
Comprehensive Income/ (loss) attributable to Startek shareholders	(15,493)	(29,457)
Comprehensive income (loss) attributable to non-controlling interests	1,383	1,041
Net loss per common share - basic and diluted	(0.39)	(0.80)
Weighted average common shares outstanding - basic and diluted	38,132	30,518

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands, except share and per share data)

	As of December 31, 2019	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	20,464	16,617
Restricted cash	12,162	7,952
Trade accounts receivables, net	108,479	107,836
Unbilled revenue	41,449	42,135
Prepaid expenses and other current assets	12,008	18,850
Total current assets	**194,562**	**193,390**
Non-current assets		
Property, plant and equipment, net	37,507	42,242
Operating lease right-of-use assets	73,692	-
Intangible assets, net	110,807	121,336
Goodwill	219,341	225,450
Investment in equity affiliates	553	2,097
Deferred tax assets, net	5,251	5,048
Prepaid expenses and other non-current assets	16,370	15,076
Total non-current assets	**463,521**	**411,249**
Total assets	**658,083**	**604,639**
Liabilities and Stockholders' Equity		
Current liabilities		
Trade accounts payables	25,449	26,886
Short term debt	26,491	21,975
Current maturity of long term debt	17,601	9,800
Current maturity of operating lease obligation	19,677	-
Current maturity of finance lease obligation	632	1,816
Accrued expenses and other current liabilities	82,598	84,881
Total current liabilities	**172,448**	**145,358**
Non-current liabilities		
Long term debt	130,144	152,100
Operating lease liabilities	54,341	-
Accured Expense and other non-current liabilities	11,140	11,907
Deferred tax liabilities, net	18,226	18,901
Total non-current liabilities	**213,851**	**182,908**
Total liabilities	**386,299**	**328,266**
Stockholders' equity		
Common stock, 60,000,000 non-convertible shares, $0.01 par value, authorized; 38,525,636 and 37,446,323 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	385	374
Additional paid-in capital	276,827	267,317
Accumulated (deficit) / earnings	(46,145)	(31,127)
Accumulated other comprehensive income (loss)	(6,022)	(5,547)
Equity attributable to Startek Shareholders	**225,045**	**231,017**

Non-controlling interest	46,739	45,356
Total stockholders' equity	**271,784**	**276,373**
Total liabilities and stockholders' equity	**658,083**	**604,639**

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands, except share and per share data)

	Year ended December 31, 2019	**Nine months ended December 31,2018**
Operating activities		
Net Income/(loss)	**(13,281)**	**(22,276)**
Adjustments to reconcile net income/ (Loss) to net cash provided by (used in) operating activities		
Depreciation and amortisation	29,723	20,462
Impairment of goodwill	7,146	
Share of (profit)/loss of equity affiliates	226	(115)
Warrant contra revenue	1,295	-
Impairment /(profit) on sale of PPE	-	483
Share-based compensation expense	1,516	674
Deferred tax (benefit) / expenses	(1,101)	7
Provision for doubtful accounts	1,640	2,253
Changes in operating assets and liabilities		
Trade accounts receivable	(4,492)	(10,982)
Prepaid expenses and other assets	4,199	1,643
Trade accounts payable	(734)	(669)
Accrued expenses and other current liabilities	962	14,503
Income taxes, net	(542)	(4,475)
Net cash provided by operating activities	**26,556**	**1,508**
Investing activities		
Purchase of property, plant and equipment (net)	(15,564)	(7,690)
Cash and cash equivalents acquired on reverse merger	-	1,496
Proceeds from equity-accounted Affiliates	1,308	48
Net cash used in investing activities	**(14,256)**	**(6,146)**
Financing activities		
Proceeds from issuance of common stock	6,710	4,605
Payments on long term debt	(9,800)	(4,200)
Proceeds from other debt, net	(858)	10,555
Dividends paid	-	(3,137)
Net cash (used-in)/provided by financing activities	**(3,948)**	**7,823**
Net increase/(decrease) in cash and cash equivalents	**8,352**	**3,185**
Effect of exchange rate changes on cash and cash equivalents	(295)	(1,535)
Cash and cash equivalents at the beginning of period	24,569	22,919
Cash and cash equivalents at the end of period	**32,626**	**24,569**
Components of cash and cash equivalents		
Cash on hand	9	12
Restricted cash	12,162	7,952
Balance with banks on current account	20,455	16,605
Total cash and cash equivalents	**32,626**	**24,569**
Supplemental disclosure of Cash Flow Information		
Cash paid for Interest	15,329	9,687
Cash paid for income taxes	6,379	7,654
Non cash warrant contra revenue	1,295	-
Non cash share-based compensation expenses	1,516	674

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Equity
(Dollars in thousands, except share and per share data)

	Common stock				Other items of OCI					
	Shares	Amount	Additional paid in capital	Accumulated earnings (deficit)	Foreign currency translation	Change in fair value of derivative instruments	Unrecognised pension cost	Equity attributable to Startek Shareholders	Non controlling interest	Total Stockholders equity
Balance at April 1, 2018	**20,600,000**	**206**	**153,704**	**(6,815)**	**(110)**	**-**	**(292)**	**146,693**	**47,452**	**194,145**
Common stock sold to CSP related to Aegis acquisition	166,667	2	1,998	-	-	-	-	2,000	-	2,000
Purchase accounting entries due to the Aegis transactions	16,226,392	162	108,340	-	-	-	-	108,502	-	108,502
Issuance of common stock	453,264	4	2,601	-	-	-	-	2,605	-	2,605
Share-based compensation expenses	-	-	674	-	-	-	-	674	-	674
Net income (loss)	-	-	-	(24,312)	-	-	-	(24,312)	2,036	(22,276)
Dividend paid in cash	-	-	-	-	-	-	-	-	(3,137)	(3,137)
Other comprehensive loss for the period	-	-	-	-	(3,879)	(15)	(1,251)	(5,145)	(995)	(6,140)
Balance at December 31, 2018	**37,446,323**	**374**	**267,317**	**(31,127)**	**(3,989)**	**(15)**	**(1,543)**	**231,017**	**45,356**	**276,373**
Issuance of common stock	1,079,313	11	6,699	-	-	-	-	6,710	-	6,710
Share-based compensation expenses	-	-	1,516	-	-	-	-	1,516	-	1,516
Warrant contra expenses	-	-	1,295	-	-	-	-	1,295	-	1,295
Net income (loss)	-	-	-	(15,018)	-	-	-	(15,018)	1,737	(13,281)
Other comprehensive loss for the period	-	-	-	-	(579)	490	(386)	(475)	(354)	(829)
Balance at December 31, 2019	**38,525,636**	**385**	**276,827**	**(46,145)**	**(4,568)**	**475**	**(1,929)**	**225,045**	**46,739**	**271,784**

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(Dollars in thousands, except share and per share data)

1. OVERVIEW AND BASIS OF PREPARATION

Unless otherwise noted in this report, any description of "us," "we," or "our," refers to StarTek, Inc. and its subsidiaries (the "Company"). Financial information in this report is presented in U.S. dollars.

Business

Startek is a global business process outsourcing company that provides omnichannel customer interactions, technology and back-office support solutions for some of the world’s most iconic brands in a variety of vertical markets. Operating under the Startek and Aegis brand, we help these large global companies connect emotionally with their customers, solve issues, and improve net promoter scores and other customer-facing performance metrics. Through consulting and analytics services, technology-led innovation, we deliver personalized experiences at the point of conversation between our clients and their customers across every interaction channel and phase of the customer journey.

Startek has proven results for the multiple services we provide, including sales, order management and provisioning, customer care, technical support, receivables management, and retention programs. We manage programs using a variety of multichannel ustomer interactions, including voice, chat, email, social media and back-office support. Startek has facilities in India, United States, Malaysia, Philippines, Australia, South Africa, Canada, Honduras, Jamaica, Kingdom of Saudi Arabia, Argentina, Peru and Sri Lanka.

On July 20, 2018, Company completed the acquisition of all of the issued and outstanding shares of capital stock of CSP Alpha Midco Pte Ltd, a Singapore private limited company (“Aegis”), from CSP Alpha Holdings Parent Pte Ltd, a Singapore private limited company (the “Aegis Stockholder”), in exchange for the issuance of 20,600,000 shares of common stock of the Company, par value $.01 per share (the “Common Stock”). Concurrently, the Aegis Stockholder purchased 166,667 newly issued shares of Common Stock at a price of $12 per share for a total cash payment of $2,000. As a result of the consummation of such transactions (the “Aegis Transactions”), the Aegis Stockholder became the holder of 20,766,667 shares of Common Stock, representing approximately 55% of the outstanding Common Stock. For accounting purposes, the Aegis Transactions are treated as a reverse acquisition and Aegis is considered the accounting acquirer. Accordingly, Aegis’ historical financial statements replace the Company’s historical financial statements following the completion of the Aegis Transactions, and the results of operations of both companies will be included in the Company’s financial statements for all periods following the completion of the Aegis Transactions. The historical financial information presented for the periods and dates prior to July 20, 2018 is that of Aegis, and for periods subsequent to July 20, 2018 is that of the combined company.

In addition, on July 20, 2018, in connection with the consummation of the Aegis Transactions, the Company and the Aegis Stockholder entered into a Stockholders Agreement, pursuant to which the Company and the Aegis Stockholder agreed to, among other things: (i) certain rights, duties and obligations of the Aegis Stockholder and the Company as a result of the transactions contemplated by the Transaction Agreement and (ii) certain aspects of the management, operation and governance of the Company after consummation of the Aegis Transactions.

On December 13, 2018, the Company, and Aegis Stockholder, entered into a Securities Purchase Agreement, pursuant to which Aegis Stockholder purchased, and the Company issued and sold, 368,098 shares of Common Stock, par value $0.01 per share, at a purchase price of $6.52 per share, or a total purchase price of $2,400, taking its holding approximately 56% of outstanding common stock. The Company used the proceeds for general corporate purposes.

On May 17, 2019, the Company entered into a Stock Purchase Agreement with the Aegis stockholder and certain additional investors, pursuant to which the Company issued and sold 692,520 shares of Common Stock at a purchased price of $7.48 per share, or a total purchase price of $5,180 (the “ 2019 Equity Offering”). The Aegis stockholder purchased 100,267 shares of Common Stock in the 2019 Equity Offering. Post this transaction Aegis Stockholder holds approximately 55% of outstanding common stock.

Upon filing of the 8-K/A on October 5, 2018, the fiscal year end of the Company was changed from March 31 to December 31 by the Board of Directors. Consequently, the fiscal year ending December 31, 2018 comprises of 9-months of operations from April 1, 2018 to December 31, 2018.

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These financial statements reflect all adjustments (consisting only of normal recurring entries, except as noted) which, in the opinion of management, are necessary for fair presentation.

The consolidated financial statements reflect the financial results of all subsidiaries that are more than 50% owned and over which the Company exerts control. When the Company does not have majority ownership in an entity but exerts significant influence over that entity, the Company accounts for the entity under the equity method of accounting. All intercompany balances are eliminated on consolidation. Where our ownership of a subsidiary was less than 100%, the non-controlling interest is reported in our Consolidated Balance Sheets. The non-controlling interest in our consolidated net income is reported as "Net income (loss) attributable to non-controlling interests" in our Consolidated Statements of Comprehensive Income (loss).

The consolidated balance sheet as of December 31, 2018, included herein was derived from the audited financial statements as of that date. Refer "Form 10-KT" filed with the Securities and Exchange Commission on March 14, 2019 for further information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, intangibles, impairment of goodwill, purchase price allocations, valuation allowances for deferred tax assets and restructuring costs. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's consolidated financial statements.

Revenue

On April 1, 2018, the Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers, (Topic 606) using the modified retrospective method. Topic 606 utilizes a five-step process, for revenue recognition that focuses on transfer of control, rather than transfer of risks and rewards. It also provided additional guidance on accounting for contract acquisition and fulfillment costs. Refer Note 5 on "Revenue from Contracts with Customers" for further information.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is estimated for known and estimated potential losses arising from sales to customers based on a periodic review of these accounts. The allowance for doubtful accounts is $1,847, as of December 31, 2019 and December 31, 2018.

Leases

On January 1, 2019, the Company adopted Accounting Standards Codification 842, Leases, (Topic 842) with the transition approach. However, the Company has accounted the lease for the comparable periods as per the Accounting Standards Codification 840.

We determine if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, current maturity of operating lease liabilities, and operating lease liabilities in our consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of remaining lease payments over the balance lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the date of initial application on determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company elected the practical expedient permitted under the transition guidance under Topic 842, which amongst other matters, allowed the Company (i) not to apply the recognition requirements to short-term leases (leases with a lease term of 12 months or less), (ii) not to reassess whether any expired or existing contracts are or contain leases, (iii) not to reassess the lease classification for any expired or existing leases, and (iv) not to reassess initial direct costs for any existing leases. The adoption resulted in the recognition of ROU assets of $74,420 and lease liabilities of $75,680 for operating leases as of January 1, 2019.

We have lease agreements with lease and non-lease components, which are generally accounted for separately.

Business Combinations

The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC 805, Business Combinations, by recognizing identifiable tangible and intangible assets acquired, liabilities assumed, and non-controlling interests in the acquired business at their fair values. The excess of the cost of the acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed is recorded as goodwill. Acquisition related costs are expensed as incurred.

Property, Plant and Equipment

Property, plant, and equipment, are stated at depreciated cost. Additions and improvement activities are capitalized. Maintenance and repairs are expensed as incurred. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation and amortization is computed using the straight-line method based on their estimated useful lives, as follows:

	Estimated Useful Life (in years)
Buildings and building improvements	10 - 30
Telephone and computer equipment	3 - 5
Furniture, fixtures, and miscellaneous equipment	5 - 7
Software	3 - 6

We depreciate leasehold improvements associated with operating leases over the shorter of 7 years or remaining life of the lease. Amortization expense related to assets recorded under capital leases is included in depreciation and amortization expense.

Impairment of Long-Lived Assets

We periodically, on at least an annual basis, evaluate potential impairments of our long-lived assets. In our annual evaluation or when we determine that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more indicators of impairment, we evaluate the projected undiscounted cash flows related to the assets. If these cash flows are less than the carrying values of the assets, we measure the impairment based on the excess of the carrying value of the long-lived asset over the long-lived asset's fair value. Our projections contain assumptions pertaining to anticipated levels of utilization and revenue that may or may not be under contract but are based on our experience and/or projections received from our customers. Refer to Note 7 "Impairment Losses and Restructuring Charges" for additional information on impairment of long-lived assets.

Goodwill and Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased. Goodwill is not amortized but is tested for impairment at least on an annual basis on December 31, based on a number of factors, including operating results, business plans and future cash flows. The Company performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the assessment of events or circumstances, the Company performs a quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, based on the quantitative impairment analysis, the carrying value of a reporting unit exceeds the fair value of reporting units, an impairment loss is recognized in an amount equal to the excess. In addition, the Company performs a qualitative assessment of goodwill impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Refer Note 4 for information and related disclosures.

Intangible Assets
We amortize all acquisition-related intangible assets that are subject to amortization using the straight-line method over the estimated useful life based on economic benefit as follows:

	Estimated Useful life (in years)
Customer Relationship	8 - 13.5
Brand	13.5
Trademarks	15
Developed Technology	5

We perform a review of intangible assets to determine if facts and circumstances indicate that the useful life is shorter than we had originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, we assess recoverability by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. If the useful life is shorter than originally estimated, we accelerate the rate of amortization and amortize the remaining carrying value over the new shorter useful life.

Fair Value Measurements

The carrying value of our cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and restructuring liabilities approximate fair value because of their short-term nature. Our debt has a variable interest rate, so the carrying amount approximates fair value because interest rates on these instruments approximate the interest rate on debt with similar terms available to us.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The levels of the fair value hierarchy are described below:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Unobservable inputs that cannot be supported by market activity and that are significant to the fair value of the asset or liability, such as the use of certain pricing models, discounted cash flow models and similar techniques that use significant assumptions. These unobservable inputs reflect our own estimates of assumptions that market participants would use in pricing the asset or liability.

Refer to Note 9, "Fair Value Measurements," for additional information on how we determine fair value for our assets and liabilities.

Investment in equity affiliates

Investment in equity affiliate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in equity affiliates are accounted for using equity method of accounting. Under the equity method, the investment in affiliates is initially recognized at cost and adjusted thereafter for the post acquisition changes in the Company's share of net assets of the equity affiliates. Goodwill relating to investment in affiliates, if any, is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Company's share of the results of operations of the equity affiliates. When there has been a change recognized directly in the equity of the equity affiliates, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of stockholders' equity. Unrealized gains and losses resulting from transactions between the Company and the equity accounted investment are eliminated to the extent of the interest in the equity affiliates. The Company's share of profit/loss of equity affiliates is shown on the face of the statement of operations. During the year ended December 31, 2019, the Company has recognized an impairment loss of $1200 and it is included in the 'share of profit of equity affiliates' in the statement of operations.

The financial statements of the equity affiliates are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines at each reporting date whether there is any objective evidence that the investment in equity affiliates is impaired, if there has been an other than temporary decline in carrying value. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of equity affiliates' in the statement of operations.

The Company has individually immaterial investments in equity affiliates in Australia. It has 33.33% interest in Queensland Partnership Group Pty. Ltd., 16.67% interest in Services Queensland Partnership and 16.67% interest in Northern Australia Services Pty Ltd - NAS (v) in Australia. The Company's share of profit/loss of equity affiliates, is accounted under the "equity method" as per which the share of profit of equity affiliates has been added to the cost of investment.

Cash and cash equivalents and restricted cash

We consider cash equivalents to be short-term, highly liquid investments readily convertible to known amounts of cash and so near their maturity at purchase that they present insignificant risk of changes in value because of changes in interest rates. The restricted cash pertains to debt service reserve account that we have to maintain in accordance with the Senior Term Agreement and also for certain term deposits that need to be maintained in accordance with some of our lease and client agreements.

Borrowing costs

Borrowing costs include interest as well as ancillary costs such as amortization of financing fees or charges and premium or discount on the borrowings. Borrowing costs (loan processing fee) are capitalized and amortized in the consolidated statement of income using effective interest method.

Interest and dividend income

Interest revenue is recognized on an accrual basis taking into account the interest rates applicable to the financial assets.

Dividend income is recognized when the Company's right to receive such income is established by the reporting date.

Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all conditions will be complied with. The grant income is recognized based on meeting milestones related to employment of number of people by the respective subsidiary. When the grant or subsidy relates to an expense item, it is recognized as income over the period necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Restructuring Charges

On an ongoing basis, management assesses the profitability and utilization of our facilities and in some cases management has chosen to close facilities. Severance payments that occur from reductions in workforce are in accordance with our post-employment policy and/or statutory requirements that are communicated to all employees; therefore, severance liabilities are recognized when termination of employment is communicated to the employee(s). Other liabilities for costs associated with an exit or disposal activity are recognized when the liability is incurred, instead of upon commitment to an exit plan. A significant assumption used in determining the amount of the estimated liability for closing a facility is the estimated liability for future lease payments on vacant facilities. We determine our estimate of sublease payments based on our ability to successfully negotiate early termination agreements with landlords, a third-party broker or management's assessment of our ability to sublease the facility based upon the market conditions in which the facility is located. If the assumptions regarding early termination and the timing and amounts of sublease payments prove to be inaccurate, we may be required to record additional losses, or conversely, a future gain.

Derivative Instruments and Hedging Activities

Our derivative instruments consist of foreign currency forward and option contracts and are recorded as either an asset or liability measured at its fair value, with changes in the fair value of qualifying hedges recorded in other comprehensive income. Changes in a derivative's fair value are recognized currently in the statements of operations unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset the related results of the hedged item and requires that we must formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment.

We generally are able to apply cash flow hedge accounting which associates the results of the hedges with forecasted future intercompany obligations. The current mark-to-market gain or loss is recorded in accumulated other comprehensive income and will be re-classified to operations as the forecasted intercompany obligations are incurred, typically within one year. During the year ended December 31, 2019, our cash flow hedges were highly effective and hedge ineffectiveness was not material. While we expect that our derivative instruments that have been designated as hedges will continue to meet the conditions for hedge accounting, if hedges do not qualify as highly effective or if we do not believe that forecasted transactions will occur, the changes in the fair value of the derivatives used as hedges will be reflected in earnings.

Foreign Currency Matters

The Company has operations in Argentina and its functional currency has historically been the Argentine Peso. The Company monitors inflation rates in countries in which it operates as required by US GAAP. Under ASC 830-10-45-12, an economy must be classified as highly inflationary when the cumulative three-year rate exceeds 100%.

In May 2018, a discussion document prepared by the Center for Audit Quality SEC Regulations Committee and its International Practices Task Force describes inflation data for Argentina through April 2018. Considering this data and more recent data for May 2018, all of the three-year cumulative inflation rates commonly used to evaluate Argentina's inflation currently exceed 100%.

Therefore, the Company has considered Argentina to be highly inflationary beginning on July 1, 2018. In accordance with ASC 830, the functional currency of the Argentina business has been changed to USD, which requires remeasurement of the local books to USD. Exchange gains and losses is recorded through net income as opposed to through other comprehensive income as had been done historically. Translation adjustments from prior periods will not be removed from equity.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income taxes reflect net effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. We are subject to foreign income taxes on our foreign operations. We are required to estimate our income taxes in each jurisdiction in which we operate. This process involves estimating our actual current tax exposure, together with assessing temporary differences resulting from differing treatment of items for tax and financial reporting purposes. The tax effects of these temporary differences are recorded as deferred tax assets or deferred tax liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period during which such rates are enacted. We record a valuation allowance when it is more likely than not that we will not realize the net deferred tax assets in a certain jurisdiction.

We consider all available evidence to determine whether it is "more likely than not" that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), and projected taxable income in assessing the validity of deferred tax assets. In making such judgments, significant weight is given to evidence that can be objectively verified. In order to fully realize the U.S. deferred tax assets, we will need to generate sufficient taxable income in future periods before the expiration of the deferred tax assets governed by the tax code.

We do not provide for deferred taxes on the excess of the financial reporting basis over the tax basis in our investments in foreign subsidiaries that are essentially permanent in duration or not subject to taxation in the U.S. or in the local country. Within consolidated retained earnings at December 31, 2019 are undistributed after-tax earnings from certain non-U.S. subsidiaries that are not indefinitely reinvested. At December 31, 2019, the Company has a deferred tax liability of $2,282 for the estimated taxes associated with the repatriation of these earning. Generally, the earnings of our foreign subsidiaries become subject to U.S. taxation based on certain provisions in U.S. tax law such as the Global intangible low taxable income and under certain other circumstances.

For more information, refer to Note 12, "Income Taxes" to our Consolidated Financial Statements, included in Item 8, "Financial Statements and Supplementary Financial Data."

Employee benefits

Contributions to defined contribution plans are charged to consolidated statements of operations in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are accrued in the period to which they relate. The liability in respect of defined benefit plans is calculated annually by the Company using the projected unit credit method. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees. The Company recognizes its liabilities for compensated absences dependent on whether the obligation is attributable to employee services already rendered, relates to rights that vest or accumulate and payment is probable and estimable.

The Company records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases and turnover rates. The Company reviews its assumptions on quarterly basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Stock-Based Compensation

We recognize expense related to all share-based payments to employees, including grants of employee stock options, based on the grant-date fair values amortized straight-line over the period during which the employees are required to provide services in exchange for the equity instruments. We include an estimate of forfeitures when calculating compensation expense. We use the Black-Scholes method for valuing stock-based awards. See Note 11, "Share-Based Compensation" for further information.

Common Stock Warrant Accounting

We account for common stock warrants as equity instruments, based on the specific terms of our warrant agreement. For more information refer to Note 11, "Share-Based Compensation."

Net Income (Loss) Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period.

Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. For the purposes of calculating diluted earnings per share, the treasury stock method is used for stock-based awards except where the results would be anti-dilutive.

When a net loss is reported, potentially issuable common shares are generally excluded from the computation of diluted earnings per share as their effect would be anti-dilutive. For more information refer to Note 6, "Net Loss per share".

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans ("ASU 2018-14"). The amendment makes minor changes to the disclosure requirements for employers that sponsor defined benefit pension and/or other post retirement benefit plans. The new guidance eliminates requirements for certain disclosures that are no longer considered cost beneficial and requires new ones that the FASB considers pertinent. ASU No. 2018-14 is effective for fiscal years ending after December 15, 2020. We do not expect the adoption of ASU 2018-14 will have a material impact on our consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13"), Measurement of Credit Losses on Financial Instruments. The standard significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. It also simplifies the accounting model for purchased credit-impaired debt securities and loans. This ASU is effective for annual periods beginning after December 15, 2022, and interim periods therein for smaller reporting companies. Early adoption is permitted for annual periods beginning after December 15, 2018, and interim periods therein. The Company wishes to early adopt this in fiscal year beginning January 1, 2020. We do not expect the adoption of ASU 2016-13 will have a material impact on our consolidated financial statements.

In December 2019, FASB issued ASU 2019-12 which modifies ASC 740 to simplify accounting for income taxes. ASU 2019-12 amends the requirements related to the accounting for "hybrid" tax regimes. FASB amended ASC 740-10-15-4(a) to state that an entity should include the amount of tax based on income in the tax provision and should record any incremental amount recorded as a tax not based on income. This amendment effectively reverses the order in which an entity determines the type of tax under current U.S. GAAP. The Company does not have a hybrid tax regime currently.

FASB also removed the previous guidance that prohibit recognition of a DTA for a step up in tax basis "except to the extent that the newly deductible goodwill amount exceeds the remaining balance of book goodwill." Instead, the amended guidance contains a model under which an entity can consider a list of factors in determining whether the step-up in tax basis is related to the business combination that caused the initial recognition of goodwill or to a separate transaction. The Company does not have a step up in tax basis for goodwill.

ASU 2019-12 also modified intra-period tax allocation exception to incremental approach. As per the modification, an entity should determine the tax effect of income from continuing operations without considering the tax effect of items that are not included in continuing operations, such as discontinued operations or other comprehensive income. The Company does not believe this to have material impact on their consolidated financial statements.

The ASU also makes one minor improvements to the Codification topics. Tax benefit of tax-deductible dividends on allocated and unallocated employee stock ownership plan shares shall be recognized in the income statement. FASB decided to change the phrase "recognized in the income statement" to "recognized in income taxes allocated to continuing operations" to clarify where income tax benefits related to tax-deductible dividends should be presented in the income statement. This improvement is not expected to have material impact on the Company.

The above amendments are effective for fiscal years beginning after December 15, 2020.

In August 2018, the FASB issued ASU No. 2018-13, "Disclosure Framework— Changes to the Disclosure Requirements for Fair Value Measurement." The ASU modifies the disclosure requirements with respect to fair value measurements. The ASU has certain new disclosure requirements, eliminated certain disclosure requirements and has modified certain disclosure requirements. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020. This improvement is not expected to have material impact on the disclosure of the Company.

In June 2018, the FASB issued an ASU that expanded the scope of Topic 718, Compensation—Stock Compensation, to include share-based payments to non employees in exchange for goods and services. That ASU substantially aligned the accounting for share-based payments to non employees and employees. In November 2019, FASB issued ASU 2019-08 which requires all share based payments to customers to adopt the measurement approach in accordance with ASC 718. The amount recorded as a reduction of the transaction price is measured using the grant date fair value of the share based payment. The award is measured and and classified under ASC 718 for its entire life, unless the award is modified after it vests and the grantee is no longer a customer. The ASU 2019-08, will affect companies that issue share-based payments (e.g., options or warrants) to their customers. Similar to issuing a cash rebate to a customer, issuing a share-based payment to a customer can incentivize additional purchases. The share-based payments can also serve a strategic purpose by aligning the interests of a supplier and its customer, because the customer's additional purchases increase its investment in the supplier. The ASU is effective for the company in fiscal years beginning after December 15, 2019. The adoption of this ASU will have an effect on measurement of share warrants issued to Amazon (Refer Note 11). The Company is in process of evaluating the quantification of impact of the new guidance.

3. Business Acquisitions

Aegis Transactions

On July 20, 2018, the Company completed the acquisition of all of the issued and outstanding shares of capital stock of Aegis from the Aegis Stockholder in exchange for the issuance of 20,600,000 shares of the Common Stock in the Aegis Transactions. Concurrently, the Aegis Stockholder purchased 166,667 newly issued shares of the Common Stock at a price of $12 per share for a total cash payment of $2,000. As a result of the consummation of the Aegis Transactions, the 2018 Equity Offering and the 2019 Equity Offering, the Aegis Stockholder now holds 21,235,032 shares of the Common Stock, which is equivalent to approximately 55% of the total outstanding Common Stock.

In accordance with ASC 805, Business Combinations, the transaction was accounted for as a reverse acquisition. As such, Aegis is considered to be the accounting acquirer. Therefore, Aegis' historical financial statements replace the Company's historical financial statements following the completion of the Aegis Transactions, and the results of operations of both companies will be included in the Company's financial statements for all periods subsequent to July 20, 2018.

The fair value of the purchase consideration is calculated based on the Company's stock price as it is considered to be more reliably determinable than the fair value of Aegis' private stock. Consideration is calculated based on the Company's closing stock price of $6.81 on July 20, 2018. The allocation of the purchase price was finalized since Aegis Transaction was closed.

The following table presents the purchase price and the fair value of the identifiable assets and liabilities:

	Amount
Stock consideration (based on shares outstanding immediately prior the closing date)	16,226,392
Closing share price on July 20, 2018	$ 6.81
Total allocable purchase price	**$ 110,502**

	Amount
Cash and cash equivalents	1,496
Other current assets	46,094
Property, plant and equipment, net	15,930
Identifiable intangible assets	28,960
Goodwill	64,345
Other non-current assets	3,204
Current liabilities	(22,548)
Non-current liabilities	(26,979)
Purchase price	**$ 110,502**

The goodwill recognized was attributable primarily to the acquired workforce, increased utilization of our global delivery platform and other synergistic benefits. Goodwill from this acquisition is not expected to be deductible for tax purposes.

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

As of December 31, 2019, the carrying value of goodwill relating to business acquisitions is $219,341. Following the internal re-organisation and revised operating model explained within note 14, we have determined our new reporting units to be as follows:

Reporting Units:	Amount
Americas	64,315
India	31,000
Malaysia	47,543
Saudi Arabia	54,840
South Africa	5,910
Argentina	4,991
Australia	10,742
Ending balance, December 31, 2019	$ **219,341**

We perform a goodwill impairment analysis at least annually (in the fourth quarter of each year) unless indicators of impairment exist in interim periods. The Goodwill was allocated to new reporting units using a relative fair value allocation approach. We performed a quantitative assessment to determine if the fair value of each of our reporting units with goodwill exceeded its carrying value.

The assumptions used in the analysis are based on the Company's internal budget. The Company projected revenue, operating margins and cash flows for a period of five years, and applied a perpetual long-term growth rate using discounted cash flows (DCF) method. These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the management's past experience as their assessment of future trends, and are consistent with external/internal sources of information.

As of December 31, 2019, based on the quantitative assessment, we concluded that goodwill was partly impaired. Our annual impairment testing resulted in an impairment loss of $7,146 in Argentina owing primarily to the devaluation of the local currency and South Africa due to the business outlook.

The following table presents the changes in goodwill during the period:

	Amount
As at December 31, 2018	225,450
Measurement period adjustments	1,037
Impairment	(7,146)
As at December 31, 2019	$ **219,341**

Intangible assets, net

The following table presents our intangible assets as of December 31, 2019:

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Customer relationships	66,220	10,681	$ 55,539	6.60
Brand	49,500	7,733	41,767	7.10
Trademark	13,210	1,275	11,935	7.50
Other Intangibles	2,130	564	1,566	4.90
	$ **131,060**	$ **20,253**	$ **110,807**	

Expected future amortization of intangible assets as of December 31, 2019 is as follows:

Year ending December 31,	Amount
2020	10,350
2021	10,350
2022	10,350
2023	10,306
2024	10,252
Thereafter	59,199

Amortization expense of intangible assets was $10,497 and $7,031 for the year ended December 31, 2019 and the nine months ended December 31, 2018 respectively.

We had intended to phase out \`Aegis\` brand and use only \`Startek\` as a common brand across its geographies, as disclosed in its previous fillings. However, basis client feedback, an internal reassessment of the relative strengths of both brands and our specific management focus on respective geographies, we currently plan to continue using both the brands in the foreseeable future.

5. REVENUE

The Company follows a five-step process in accordance with ASC 606, for revenue recognition that focuses on transfer of control, rather than transfer of risks and rewards.

Contracts with Customers

All of the Company's revenues are derived from written contracts with our customers. Generally speaking, our contracts document our customers' intent to utilize our services and the relevant terms and conditions under which our services will be provided. Our contracts generally do not contain minimum purchase requirements nor do they include termination penalties. Our customers may generally cancel our contract, without cause, upon written notice (generally ninety days). While our contracts do have stated terms, because of the facts stated above, they are accounted for on a month-to-month basis.

Our contracts give us the right to bill for services rendered during the period, which for the majority of our customers is a calendar month, with a few customers specifying a fiscal month. Our payment terms vary by client and generally range from due upon receipt to 60-90 days.

Performance Obligations

We have identified one main performance obligation for which we invoice our customers, which is to stand ready to provide care services for our customers' clients. A stand-ready obligation is a promise that a customer will have access to services as and when the customer decides to use them. Ours is considered a stand-ready obligation because the delivery of the underlying service (that is, receiving customer contact and performing the associated care services) is outside of our control or the control of our customer.

Our stand-ready obligation involves outsourcing of the entire customer care life cycle, including:

- The identification, operation, management and maintenance of facilities, IT equipment, and IT and telecommunications infrastructure
- Management of the entire human resources function, including recruiting, hiring, training, supervising, evaluating, coaching, retaining, compensating, providing employee benefits programs, and disciplinary activities

These activities are all considered an integral part of the production activities required in the service of standing ready to accept calls as and when they are directed to us by our clients.

Revenue Recognition Methods

Because our customers receive and consume the benefit of our services as they are performed and we have the contractual right to invoice for services performed to date, we have concluded that our performance obligation is satisfied over time. Accordingly, we recognize revenue for our services in the month they are performed.

We are entitled to invoice for our services on a monthly basis. We invoice according to the hourly and/or per transaction rates stated in each contract for the various activities we perform. Some contracts include opportunities to earn bonuses or include parameters under which we will incur penalties related to performance in any given month. Bonus or penalty amounts are based on the current month's performance. Formulas are included in the contracts for calculation of any bonus or penalty. There is no other performance in future periods that will impact the bonus or penalty calculation in the current period. We estimate the amount of the bonus or penalty using the "most likely amount" method and we apply this method consistently. The bonus or penalty calculated is generally approved by the client prior to billing (and revenue being recognized).

Practical expedients and exemptions

Because the Company's contracts are essentially month-to-month, we have elected the following practical expedients:

- ASC 606-10-50-14 exempts companies from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less
- ASC 340-40-25-4 allows companies to to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.
- ASC 606-10-32-2A allows an entity to make an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer (for example, sales, use, value added, and some excise taxes)
- ASC 606-10-55-18 allows an entity that has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided), the entity may recognize revenue in the amount to which the entity has a right to invoice.

Disaggregated Revenue

Revenues by our clients' industry vertical for the year ended December 31, 2019 and nine months ended December 31, 2018, respectively:

Vertical:	Year ended December 31, 2019	Nine months ended December 31, 2018
Telecom	252,217	203,732
E-commerce & Consumer	106,907	56,797
Financial & Business Services	50,837	40,325
Media & Cable	92,846	39,529

Travel & Hospitality	69,154	38,167
Healthcare & Education	45,578	19,254
Technology, IT & Related Services	13,812	6,834
All other segments	27,854	15,679
Gross Revenue	**659,205**	**420,317**
Less: Warrant contra revenue	(1,295)	-
Net Revenue	**657,910**	**420,317**

6. NET LOSS PER SHARE

Basic net loss per common share is computed based on our weighted average number of common shares outstanding. Diluted earnings per share is computed based on our weighted average number of common shares outstanding plus the effect of dilutive stock options, non-vested restricted stock, and deferred stock units, using the treasury stock method.

When a net loss is reported, potentially issuable common shares are excluded from the computation of diluted earnings per share as their effect would be anti-dilutive.

In connection with the Aegis Transactions, the Company maintained Startek's 2008 Equity Incentive Plan (see Note 11, "Share-based compensation and employee benefit plans" for more information). For the year ended December 31, 2019, the following shares were not included in the computation of diluted earnings per share because we reported a net loss and the effect would have been anti-dilutive (in thousands):

	Year ended December 31, 2019	Nine months ended December 31, 2018
Anti-dilutive securities:		
Stock options	2,629	2,869
Restricted stock/Deferred stock units	-	20
	2,629	**2,889**

7. IMPAIRMENT LOSSES AND RESTRUCTURING COST

Impairment Losses

During 2019, our annual impairment testing resulted in goodwill impairment loss of $7,146 owing towards Argentina & South Africa geographies. During 2018, we closed one of our facilities in US and resulted in the recognition of an impairment loss of $483 related to the disposal of certain assets.

Restructuring Cost

The table below summarizes the balance of accrued restructuring and other merger related cost, which is included in other accrued liabilities in our consolidated balance sheets, and the changes during the year ended December 31, 2019:

	Employee related	Facilities related	Total
Balance as of December 31, 2018	760	2,268	3,028
Accruals/(reversals)	2,751	(70)	2,681
Payments	(2,185)	(1,684)	(3,869)
Balance as of December 31, 2019	$ **1,326**	$ **514**	$ **1,840**

Employee related

In 2018, in conjunction with the closing of the Aegis Transactions, we eliminated a number of positions which were considered redundant, under a company-wide restructuring plan. We recognized provision for employee related costs across a number of geographies and we expect to pay the remaining costs of $1,275 by the end of second quarter 2020.

In March 2019, the Company has closed one of its sites in Argentina. Upon closure, the Company eliminated a number of positions which were considered redundant and recognized provision for employee related costs and we expect to pay the remaining costs of $51 by the end of first quarter 2020.

Facilities related

In 2018, in conjunction with the closing of the Aegis Transactions, we terminated various leases in the United States and the Philippines. We recognized provision for the remaining costs associated with the leases. We expect to pay the remaining costs of $478 by the end of the first quarter of 2021.

Upon closure of site in Argentina, the Company recognized provision for facility related costs and we expect to pay the remaining costs of $36 by the end of the fourth quarter of 2020.

8. DERIVATIVE INSTRUMENTS

Cash flow hedges

We use derivatives to partially offset our business exposure to foreign currency exchange risk in Canada and the Philippines. We enter into foreign currency forward and option contracts to hedge our anticipated operating commitments that are denominated in foreign currencies, including forward contracts and range forward contracts (a transaction where both a call option is purchased and a put option is sold). The contracts cover periods commensurate with expected exposure, generally three to twelve months, and are principally unsecured foreign exchange contracts. The market risk exposure is essentially limited to risk related to currency rate movements. In Canada and the Philippines where the functional currencies are the Canadian dollar, and the Philippine peso, respectively, these local currencies are used to pay labor and other operating costs in those countries. We provide funds for these operating costs as our client contracts generate revenues which are paid in U.S. dollars. We have elected to designate our derivatives as cash flow hedges in order to associate the results of the hedges with forecasted obligations.

From January 1, 2019 to December 31, 2019, we entered into Philippine peso non-deliverable forward and range forward contracts for a notional amount of 1,702,000,008 Philippine pesos and 2,299,993 in Canadian Dollars.

The following table shows the notional amount of our foreign exchange cash flow hedging instruments as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Local Currency Notional Amount	U.S. Dollar Notional Amount	Local Currency Notional Amount	U.S. Dollar Notional Amount
Philippine Peso	769,000	14,361	1,134,000	$ 20,996
Canadian Dollar	1,400	1,047	2,500	$ 1,951
		15,408		**22,947**

The Canadian dollar and Philippine peso foreign exchange contracts are to be delivered periodically through September 2020 at a purchase price of approximately $1,047 and $14,361 respectively, and as such we expect unrealized gains and losses recorded in accumulated other comprehensive income will be reclassified to operations as the forecasted inter-company expenses are incurred, typically within twelve months.

Derivative assets and liabilities associated with our hedging activities are measured at gross fair value as described in Note 9, "Fair Value Measurements," and are included in prepaid expense and other current assets and accrued expenses and other current liabilities in our condensed consolidated balance sheets, respectively.

The following table shows the effect of our derivative instruments designated as cash flow hedges for the year ended December 31, 2019 and nine months ended December 31, 2018:

	Gain (Loss) Recognized in AOCI, net of tax		Gain/ (Loss) Reclassified from AOCI into Income	
	Year ended December 31, 2019	Nine months ended December 31, 2018	Year ended December 31, 2019	Nine months ended December 31, 2018
Cash flow hedges:				
Foreign exchange contracts	$ 923	$ 53	$ 433	$ 13

Non-designated hedges

We have also entered into foreign currency range forward contracts and interest swap contract as required by our lenders. These hedges are not designated hedges under ASC 815, Derivatives and Hedging. These contracts generally do not exceed 3 years in duration.

Unrealized gains and losses and changes in fair value of these derivatives are recognized as incurred in Exchange gains (losses), net in the Consolidated Statements of Comprehensive Income (Loss). The following table presents these amounts for year ended December 31, 2019 and nine months ended December 31, 2018

	Year Ended December 31, 2019	Nine months ended December 31, 2018
Derivatives not designated under ASC 815		
Foreign currency forward contracts	201	1,165
Interest rate swap	(616)	(221)

9. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The levels of the fair value hierarchy are described below:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Unobservable inputs that cannot be supported by market activity and that are significant to the fair value of the asset, liability, or equity such as the use of certain pricing models, discounted cash flow models and similar techniques that use significant assumptions. These unobservable inputs reflect our own estimates of assumptions that market participants would use in pricing the asset or liability.

Derivative Instruments

The values of our derivative instruments are derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such the derivatives are classified as Level 2 in the fair value hierarchy.

The following tables set forth our assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. These balances are included in Other current assets and Other current liabilities, respectively, on our balance sheet.

	As of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Foreign exchange contracts	-	1,823	-	1,823
Total fair value of assets measured on a recurring basis	$ -	**$ 1,823**	$ -	**$ 1,823**
Liabilities:				
Interest rate swap	-	544	-	544
Foreign exchange contracts	-	22	-	22
Total fair value of liabilities measured on a recurring basis	$ -	**$ 566**	$ -	**$ 566**

	As of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Foreign exchange contracts	-	1,388	-	1,388
Total fair value of assets measured on a recurring basis	$ -	**$ 1,388**	$ -	**$ 1,388**
Liabilities:				
Interest rate swap	-	31	-	31
Foreign exchange contracts	-	276	-	276
Total fair value of liabilities measured on a recurring basis	$ -	**$ 307**	$ -	**$ 307**

10. DEBT

The below table presents details of the Company's debt:

	December 31, 2019	December 31, 2018
Short term debt and current portion of long term debt		
Working capital facilities	23,179	21,975
Loan from related parties	3,312	-
Term loan	16,800	9,800
Equipment loan	801	0
Finance lease obligations	632	1,816
Total	**$ 44,724**	**$ 33,591**
Long term debt		
Term loan, net of debt issuance costs	105,075	120,462
Equipment loan	619	-
Secured revolving credit facility	23,097	31,152
Finance lease obligations	1,353	486
Total Long Term Debt	**$ 130,144**	**$ 152,100**

Working capital facilities

The Company has a number of working capital facilities in various countries in which it operates. These facilities provide for a fund based combined borrowing capacity of approximately $30.0 million for a number of working capital products. These facilities bear interest at benchmark rate plus margins between 3.0% and 4.5% and are due on demand. These facilities are collateralized by various Company assets and have a total outstanding balance of $23.2 million as of December 31, 2019.

Loan from related parties

On August 26, 2019, the Company entered into a Loan Agreement with Tribus Capital Limited, as lender (“Tribus”), pursuant to which Tribus made a single-draw unsecured term loan to the Company in the aggregate amount of $1.5 million. The Company will pay interest on such loan at the rate of 8.5% per annum. All principal and interest on the loan is due and payable on February 26, 2020. Tribus is an affiliate of the Aegis Stockholder.

On November 20, 2019, the Company entered into a Loan Agreement with Bluemoss Ergon Limited , as lender (“Bluemoss”), pursuant to which Bluemoss made a single-draw unsecured term loan to the Company in the aggregate amount of $1.75 million. The Company will pay interest on such loan at the rate of 8.5% per annum. All principal and interest on the loan is due and payable on May 20, 2020. Bluemoss is an affiliate of the Aegis Stockholder.

Term loan

On October 27, 2017, the Company entered into a Senior Term Agreement ("Term loan") to provide funding for the acquisition of ESM Holdings Limited and its subsidiaries in the amount of $140 million for a five year term. The Term loan was fully funded on November 22, 2017 and is to be repaid based on a quarterly repayment schedule beginning six months after the first utilization date.

Principal payments due on the term loan are as follows:

Years	**Amount**
2020	16,800
2021	21,000
2022	88,200
	$ 126,000

The Term loan has a floating interest rate of USD LIBOR plus 4.5% annually for the first year and thereafter the margin will range between 3.75% and 4.5% subject to certain financial ratios.

In connection with the Term loan, the Company incurred issuance costs of $7.3 million which are net against the Term loan on the balance sheet. Unamortized debt issuance costs as of December 31, 2019 amount to $4.1 million.

As per the various debt agreements, the Group is required to meet certain financial covenants on a quarterly basis. One of the subsidiaries of the Company was in non-compliance with respect to one of such covenants for the relevant period ended December 31, 2019. This was due to step-up in the requirement of the covenant relative to the previous period when the Company was in compliance. The Company sought from the respective lender consortium an appropriate waiver with regards to this non-compliance. The Company has since received the requisite waiver from the relevant lender consortium. Further, we have received an in-principle approval from the lender consortium to revise the basis of the covenant testing going forward. Basis the revised covenant testing approach, we would have met the covenant for December 31, 2019 and also expect to meet all covenants in the future.

Secured revolving credit facility

The Company has a secured revolving credit facility which is effective through March 2022. Under this agreement, we may borrow the lesser of the borrowing base calculation and $40 million. As long as no default has occurred and with lender consent, we may increase the maximum availability to $60 million in $5 million increments, and we may request letters of credit in an amount equal to the aggregate revolving credit commitments. The borrowing base is generally defined as 90% of our eligible accounts receivable less certain reserves.

As of December 31, 2019, we had $23,097 of outstanding borrowings and our remaining borrowing capacity was $14,751. Our borrowings bear interest at one-month LIBOR plus 1.50% to 1.75%, depending on current availability.

We have entered into factoring agreements with financial institutions to sell certain of our accounts receivable under non-recourse agreements. Under the arrangement, the Company sells the trade receivables on a non-recourse basis and accounts for the transactions as sales of receivables. The applicable receivables are removed from the Company's consolidated balance sheet when the cash proceeds are received by the Company. We do not service any factored accounts after the factoring has occurred. We utilize factoring arrangements as part of our financing for working capital. The aggregate gross amount factored under these agreements was $9.9 million for year the ended December 31, 2019.

BMO Equipment Loan

The Company has entered into agreements to secure loans against US and Canadian assets in the amount of $2,062 at the interest of 7.568% per annum, to be repaid over 2.5 years. The loan was funded in January 2019 and the total outstanding balance as of December 31,2019 is $1,420.

Finance lease obligations

From time to time and when management believes it to be advantageous, we may enter into other arrangements to finance the purchase or construction of capital assets.

11. SHARE-BASED COMPENSATION

Amazon Warrant

On January 23, 2018, Startek entered into the Amazon Transaction Agreement, pursuant to which we agreed to issue to Amazon.com NV Investment Holdings LLC, a wholly owned subsidiary of Amazon ("NV Investment"), a warrant (the "Warrant") to acquire up to 4,000,000 shares (the "Warrant Shares") of our common stock, par value $0.01 per share ("Common Stock"), subject to certain vesting events. As a result of an anti-dilution adjustment that was triggered by the 2019 Equity Offering, total number of shares issuable to Amazon have been adjusted from 4,000,000 to 4,002,964. We entered into the Amazon Transaction Agreement in connection with commercial arrangements between us and any of our affiliates and Amazon and/or any of its affiliates pursuant to which we and any of our affiliates provide and will continue to provide commercial services to Amazon and/or any of its affiliates. The vesting of the Warrant shares, described below, is linked to payments made by Amazon or its affiliates (directly or indirectly through third parties) pursuant to the commercial arrangements.

The first tranche of 425,532 Warrant Shares vested upon the execution of the Amazon Transaction Agreement. The remainder of the Warrant Shares will vest in various tranches based on Amazon's payment of up to $600 million to us or any of our affiliates in connection with the receipt by Amazon or any of its affiliates of commercial services from us or any of our affiliates. The exercise price for all Warrant Shares was originally $9.96 per share but was adjusted to $9.95 per share as a result of an anti-dilution adjustment that was triggered by the 2019 Equity Offering. The Warrant Shares are exercisable through January 23, 2026.

The second tranche of 212,766 Warrant Shares vested on May 31, 2019. The amount of contra revenue attributed to these Warrant Shares is $730. The contra-revenue and equity is estimated and recorded, using the Monte Carlo pricing model, when performance completion is probable, with adjustments in each reporting period until performance is complete in conformance with the requirements in ASC 606 and ASC 718. As per ASC 606 we have additionally accrued $565 for the period ended December 31,2019.

The Warrant provides for net share settlement that, if elected by the holders, will reduce the number of shares issued upon exercise to reflect net settlement of the exercise price. The Warrant provides for certain adjustments that may be made to the exercise price and the number of shares of common stock issuable upon exercise due to customary anti-dilution provisions based on future events. Vested Warrant Shares are classified as equity instruments.

Because the Warrant contains performance criteria (i.e. aggregate purchase levels) which Amazon and/or any of its affiliates must achieve for the Warrant Shares to vest, as detailed above, the final measurement date for each tranche of the Warrant Shares is the date on which performance is completed. Prior to the final measurement date, when achievement of the performance criteria has been deemed probable, a reduction in revenue equal to the percentage of completion to date will be recognized in accordance with ASC 606. The fair value of the Warrant Shares will be adjusted at each reporting period until they are earned.

Share-based compensation

In connection with the Aegis Transactions, the Company maintained Startek's 2008 Equity Incentive Plan (the "Plan"), which reserved 900,000 shares of common stock for issuance pursuant to the terms of the Plan plus 274,298 shares that remained available for future issuance under prior plans on the effective date of the Plan, which was May 5, 2008. An Amended and Restated Plan was approved by our board of directors and stockholders at our annual meeting of stockholders in May 2014, which authorized an additional 500,000 shares of common stock for issuance. At our annual meeting of stockholders in June 2016 and May 2019, the board of directors and stockholders authorized another 250,000 and 300,000 shares of common stock for issuance respectively, under the Amended and Restated Plan. As of December 31, 2019, there were 478,638 shares available for future grant under the Plan. Our plan is administered by the Compensation Committee (the "Committee") of the Board of Directors. The types of awards that may be granted under the Plan include stock options, stock appreciation rights, restricted stock, restricted stock units, performance units or other stock-based awards. The terms of the awards granted under the Plan will expire no later than ten years from the grant date. The Committee determines the vesting conditions of awards; however, subject to certain exceptions, an award that is not subject to the satisfaction of performance measures may not fully vest or become fully exercisable earlier than three years from the grant date, and the performance period for an award subject to performance measures may not be shorter than one year.

At the beginning of each quarter, members of the board of directors, at their option, may elect to receive as compensation 1) stock options to purchase shares of common stock with a fair value equivalent of $22,500 (calculated using the Black-Scholes pricing model), 2) shares of common stock with a grant date fair value of $22,500, 3) deferred stock units with a fair value equivalent of $22,500 (calculated using the Black-Scholes pricing model), with ownership of the common stock vesting immediately or over a period determined by the Committee and stated in the award or 4) any combination of options and common stock. Upon the date of grant, the members of the board of directors are immediately vested in the stock options or common stock.

Stock options

A summary of stock option activity under the Plan is as follows:

	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (in yrs)
Outstanding as of December 31, 2018	2,868,947	5.35	
Granted	118,266	7.23	
Exercised	(318,548)	4.15	
Forfeited	(40,000)	7.18	
Outstanding as of December 31, 2019	2,628,665	5.55	5.11
Vested and exercisable as of December 31, 2019	2,288,000	5.36	4.60

The weighted-average grant date fair value of options granted was $4.57 and $4.64 during 2019 and the period starting from July 21, 2018 to December 31, 2018. The total fair value of shares vested was $1,560 and $845 during 2019 and the period starting from July 21, 2018 to December 31, 2018.

The assumptions used to determine the value of our stock-based awards under the Black-Scholes method are summarized below:

	January 01, 2019 to December 31, 2019	**From July 21, 2018 to December 31, 2018**
Risk-free interest rate	1.65% - 2.66%	3.09%
Dividend yield	-%	-%
Expected volatility	48.66% - 56.91%	61.92%
Expected life in years	10	10

The risk-free interest rate is based on the U.S. Treasury strip yield in effect at the time of grant with a term equal to the expected term of the stock option granted. Average expected life and volatilities are based on historical experience, which we believe will be indicative of future experience.

Deferred Stock Units

Pursuant to the board of directors' compensation program, deferred stock units of 3,494 were granted to members of the board of directors for the period starting from July 21, 2018 to December 31, 2018. The total fair value of deferred stock units granted during the period starting from July 21, 2018 to December 31, 2018, was $23. Deferred stock units are fully vested upon issuance and are settled in shares of common stock upon the director's termination of service. The fair value of stock grants and deferred stock units is calculated based on the closing price of our common stock on the date of grant.

Share-based Compensation Expense

The compensation expense that has been charged against income during year ended December 31 2019 and the period starting from July 21, 2018 to December 31, 2018 was $1,516 and $674, respectively and is included in selling, general and administrative expense. As of December 31, 2019, there was $1,163 of total unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted-average period of 1.55 years.

Employee Stock Purchase Plan

In connection with the Aegis Transactions, the Company maintained Startek's employee stock purchase plan ("ESPP"). Under the terms of our ESPP, eligible employees may authorize payroll deductions up to 10% of their base pay to purchase shares of our common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. A total of 400,000 shares were authorized under the original ESPP Plan; an Amended and Restated Plan was approved by our board of directors and stockholders at our annual meeting of stockholders in June 2016 and May 2019, which authorized an additional 100,000 and 150,000 shares of common stock for issuance. As of December 31, 2019, 136,828 shares were available for issuance.

During year ended December 31 2019 and period starting from July 21, 2018 to December 31, 2018, 34,027 shares and 21,076 shares were purchased under this plan at an average price of $6.08 and $5.51, respectively. Total expense recognized related to the ESPP during 2019 and the period starting from July 21, 2018 to December 31, 2018 was $50 and $37. The assumptions used to value the shares under the ESPP using the Black-Scholes method were as follows:

	January 01, 2019 to December 31, 2019	**From July 21, 2018 to December 31, 2018**
Risk-free interest rate	1.54% - 2.49%	2.66% - 2.87%
Dividend yield	-%	-%
Expected volatility	36.73% - 53.11%	56.91% - 61.92%
Expected life in years	3 months	3 months

The weighted average grant date fair value of these shares was $1.46 and $1.74 per share during year ended December 31, 2019 and the period starting from July 21, 2018 to December 31, 2018.

401(k) Plan

We have a safe harbor 401(k) plan that allows participation by all eligible employees as of the first day of the month following their hire date. Eligible employees may contribute up to the maximum limit determined by the Internal Revenue Code. Participants receive a matching contribution after completing one year of service. We match 100% of the participant's contribution for the first 3% and 50% of the participant's contribution for the next 2%. Company matching contributions to the 401(k) plan totaled $502 and $220 during year ended December 31, 2019 and period starting from July 21, 2018 to December 31, 2018 respectively.

Philippines Pension Plan

The Company sponsors a non-contributory defined benefit pension plan (the "Pension Plan") for its covered employees in the Philippines. The Pension Plan provides defined benefits based on years of service and final salary.

All permanent employees meeting the minimum service requirement are eligible to participate in the Pension Plan. Remeasurement changes are reflected in Accumulated Other Comprehensive Income (AOCI). As of December 31, 2019, the Pension Plan was unfunded. The Company doesn't expect to make any cash contributions to the Pension Plan. As of December 31, 2019, the defined benefit obligation of $141 was included in other long term liabilities in the Consolidated Balance Sheets.

Gratuity and other post-employment benefit plans

The Company has classified various employee benefits as under:

a) Defined contribution plans

Contributions to defined contribution plans are charged to the consolidated statement of operations in the period in which services are rendered by the covered employees. The Company contributed the following amounts to defined contribution plans in various jurisdictions for given period:

Particulars	**Year Ended December 31, 2019**	**Nine months ended December 31, 2018**
Contribution to defined contribution plans	14,230	10,125

b) Defined benefit plans

Gratuity Plan (Unfunded)

In accordance with applicable local laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees in India and Saudi. The Gratuity Plan provides a lump-sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Gratuity Plan benefit cost for the year is calculated on an actuarial basis. The following table sets forth amounts of obligation recognised in financial statements based on acturial valuations carried out as of December 31, 2019 and 2018:

Particulars	**December 31, 2019**	**December 31, 2018**
(a) Liability recognized in consolidated balance sheet		
Liability at the end of the year	13,888	12,382
(b) Current/Non current liability		
Current liability	4,123	2,957
Non current liability	9,765	9,425

c) Compensated absences

The Company's liability for compensated absences is determined based upon local laws/Company policy. The Company establishes the liability based upon the employee's last salary.

12. INCOME TAXES

The domestic and foreign source component of income (loss) from continuing operations before income taxes was:

	Year Ended December 31, 2019	Nine months ended December 31, 2018
U.S.	(6,012)	(14,321)
Foreign	(2,478)	(4,385)
Total	**(8,490)**	**(18,706)**

Significant components of the provision for income taxes from continuing operations were:

	Year Ended December 31, 2019	Nine months ended December 31, 2018
Current :		
Federal	-	(93)
State	31	(13)
Foreign	5,861	3,669
Total Current (benefit) expense	**5,892**	**3,563**
Deferred :		
Federal	-	-
State	-	-
Foreign	(1,101)	7
Total Deferred (benefit) expense	**(1,101)**	**7**
Total Income Tax Expense	**4,791**	**3,570**

Significant components of deferred tax assets and deferred tax liabilities included in the accompanying consolidated balance sheets are as follows:

	As of December 31, 2019	As of December 31, 2018
Long-term deferred tax assets (liabilities):		
Property, plant and equipment	(3,894)	(3,336)
Prepaid expenses	(7)	(325)
Accrued stock compensation and other employee benefits	3,055	2,722
Accrued restructuring costs and other expenses	3,806	2,541
Tax credit carryforwards	5,251	5,233
Net operating losses carried forward	18,330	18,628
Undistributed earnings	(2,282)	-
Intangibles and goodwill	(18,804)	(21,153)
Translation adjustments and withholding taxes	(1,637)	(3,472)
Other	(955)	540
Net long-term deferred tax assets	**2,863**	**1,378**
Valuation allowance	(15,838)	(15,231)
Total net deferred tax asset (liability)	**(12,975)**	**(13,853)**

We consider all available evidence to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), and projected taxable income in assessing the realizability of deferred tax assets. In making such judgments, significant weight is given to evidence that can be objectively verified. In order to fully realize the deferred tax assets, we will need to generate sufficient taxable income in future periods before the expiration of the deferred tax assets governed by the tax code.

We do not provide for deferred taxes on the excess of the financial reporting basis over the tax basis in our investments in foreign subsidiaries that are essentially permanent in duration or not subject to taxation in the U.S. or in the local country. Within consolidated retained earnings at December 31, 2019 are undistributed after-tax earnings from certain non-U.S. subsidiaries that are not indefinitely reinvested. At December 31, 2019, the Company has a deferred tax liability of $2,282 for the estimated taxes associated with the repatriation of these earning. Generally, the earnings of our foreign subsidiaries become subject to U.S. taxation based on certain provisions in U.S. tax law such as the Global intangible low taxable income and under certain other circumstances.

Differences between U.S. federal statutory income tax rates and our effective tax rates for year ended December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019	**Nine months ended December 31, 2018**
Statutory tax rate	21%	21%
Effect of state taxes (net of federal benefit)	0%	1%
Rate differential on foreign earnings	(25)%	(4)%
Valuation allowance	(4)%	(14)%
Net operating loss	(10)%	(8)%
Transaction costs	0%	(6)%
Disallowances for income tax purposes	(21)%	(2)%
Tax relating to origination or reversal of temporary differences	0%	(2)%
Income exempt for tax purposes	13%	0%
Global intangible low taxable income	(12)%	0%
Undistributed earnings	(8)%	0%
Foreign tax credit	(7)%	0%
Other, net	(3)%	(6)%
Total	(56)%	(19)%

We operate in multiple tax jurisdictions including Australia, Malaysia, India, Saudi, South Africa, UK, , the Netherlands, the Sri Lanka, the Argentina, the Peru, the Mauritius, Singapore, the Philippines, United Arab Emirates, the Honduras, the Jamaica, the Philippines, Canada and US. As a result, our effective tax rate changes from year to year based on recurring factors such as the geographical mix of income before taxes, state and local taxes, the ratio of permanent items to pre-tax book income and the implementation of various global tax strategies, as well as non-recurring events.

The Company recorded income tax expense of $4,791 and $3,570 for the year ended December 31, 2019 and 2018, respectively. The effective tax rate increased from 19% during the year ended December 31, 2018 to 56% during the year ended December 31, 2019 primarily as a result of:

(i) In 2019, the Government of India introduced a new tax regime for certain Indian companies by enacting the Taxation Laws (Amendment) Act, 2019. The new tax regime is optional and provides for a lower tax rate for Indian companies, subject to certain conditions which among other things include not availing of specified exemptions or incentives. The Indian subsidiary has opted for the new tax regime to obtain the benefit of a lower tax rate. This resulted into recording of net income tax expense of $ 778 on account of revaluation of net deferred tax asset due to change in corporate tax rate in India (ii) recording of income tax expense on undistributed earnings of Controlled Foreign Corporation of $ 1,232 (iii) recording of net income tax expense of $ 977 on Global Intangible Low Taxable Income (GILTI) of Controlled Foreign Corporation (iv) recording of a tax expense of $638 with respect to unused 2019 foreign income tax credits (v) income exempt for tax purposes of $1,123 (vi) tax effect of $ 1,753 on impairment charge.

We had U.S. gross federal net operating losses carry forwards of approximately $ 72.2 Mn and $ 60.4 Mn as at December 31, 2019 and as at December 31, 2018 respectively, and gross state net operating loss carry forwards of approximately $ 43.16 Mn and 66.3 Mn as at December 31, 2019 and as at December 31, 2018 respectively, which may be available to offset federal and state income tax liabilities, respectively, in the future. The federal net operating loss carry forwards generated in 2017 and before, if not utilized, will expire beginning in 2028. Federal NOL generated in 2018 and after will not expire. The State net operating losses will expire based on each state income tax laws. We had gross Non-US net operating losses carry forward of approximately $ 25.40 Mn as at December 31, 2019. Net operating losses of Srilanka, Mauritius and Argentina aggregating to $ 6.04 Mn will expire through 2025 and the remaining NOL have no expiration. In general, under Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income.

We have been granted "Tax Holidays" as an incentive to attract foreign investment by the governments of Honduras, Jamaica, and certain qualifying locations in the Philippines. Generally, a Tax Holiday is an agreement between us and a foreign government under which we receive certain tax benefits in that country. In Honduras, we have been granted approval for an indefinite exemption from income taxes. The tax holidays for our qualifying Philippines facilities expire at staggered dates through 2021. Our Tax Holidays could be eliminated if there are future changes in our operations or the governmental authorities approve legislation to modify the Tax Holidays in the various taxing jurisdictions. The aggregate reduction in income tax expense for the year ended December 31, 2019 was $ 1.1 Mn.

Under accounting standards for uncertainty in income taxes (ASC 740-10), a company recognizes a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" in the accounting standards for income taxes refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods.

The following table indicates the changes to our unrecognized tax benefits for the year ended December 31, 2019 and December 31, 2018. The term "unrecognized tax benefits" in the accounting standards for income taxes refers to the differences between a tax position taken or expected to be taken in a tax return and the benefit measured and recognized in the financial statements. If recognized, all of these benefits would impact our income tax expense, before consideration of any related valuation allowance.

	Year ended December 31, 2019	Nine months ended December 31, 2018
Unrecognized, beginning	3,323	-
Additions due to acquisition	-	3,122
Additions based on tax positions taken in the period	-	201
Reductions based on tax positions taken in the period	(451)	-
Unrecognized, ending	**2,872**	**3,323**

We file numerous consolidated and separate income tax returns in the U.S. federal and many state jurisdictions as well as in many foreign jurisdictions. Our U.S. federal returns and most state returns for tax years 2016 and forward are subject to examination. Tax return filings in India for the year ended March 2018 and onward are still open for examination as well as Malaysian tax returns for their tax years ending March 2018.

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consisted of the following items:

	Foreign Currency Translation Adjustment	Derivatives Accounted for as Cash Flow Hedges	Defined Benefit Plan	Equity attributable to Startek shareholders	Non-controlling interests	Total
Balance at March 31, 2018	**(110)**	**-**	**(292)**	**(402)**	**(248)**	**(650)**
Foreign currency translation	(3,879)	-	-	(3,879)	-	(3,879)
Reclassification to operations	-	13	-	13	-	13
Unrealized losses	-	53	-	53	-	53
Pension remeasurement	-	-	(1,251)	(1,251)	(995)	(2,246)
Tax provision	-	(81)	-	(81)	-	(81)
Balance at December 31, 2018	**(3,989)**	**(15)**	**(1,543)**	**(5,547)**	**(1,243)**	**(6,790)**
Foreign currency translation	(579)	-	-	(579)	-	(579)
Reclassification to operations	0	(433)	-	(433)	-	(433)
Unrealized losses	-	923	-	923	-	923
Pension remeasurement	-	-	(386)	(386)	(354)	(740)
Balance at December 31, 2019	**(4,568)**	**475**	**(1,929)**	**(6,022)**	**(1,597)**	**(7,619)**

Reclassifications out of accumulated other comprehensive income for the year ended December 31,2019 of $(433) and for nine months ended December 31, 2018 of $13 and were included in cost of services.

14. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company provides business process outsourcing services ("BPO") to clients in a variety of industries and geographical locations. Our approach is focused on providing our clients with the best possible combination of services and delivery locations to meet our clients' needs in the best and most efficient manner. Our Chief Executive Officer (CEO), who has been identified as the Chief Operating Decision Maker ("CODM"), reviews financial information mainly on a geographical basis.

Prior to the fourth quarter of 2019, we reported our results as a single operating and reportable segment (BPO), and two reporting units (Aegis and Startek).

In the fourth quarter of 2019, we reorganized our operating business model. Our new operating business model is focussed on geographies in which we operate. Our CODM reviews the performance and makes resource allocation geography wise, hence the geographical level represents the operating segments of Startek, Inc.

Prior period results have been revised for segment disclosure to conform to current period presentation.

We now report our results of operations as follows in Six reportable segments:-

1. Americas
2. Middle East
3. Malaysia
4. India and Sri Lanka
5. Argentina and Peru
6. Rest of World

	Year ended December 31, 2019	Nine months ended December 31, 2018
Revenue:		
Americas	258,040	106,186
India & Sri Lanka	111,714	64,713
Malaysia	58,921	43,425
Middle East	132,785	92,204
Argentina & Peru	46,490	43,642
Rest of World	49,960	70,147
Total	**657,910**	**420,317**
Operating income (loss):		
Americas	6,880	(9,798)
India & Sri Lanka	2,213	(1,448)
Malaysia	7,858	4,417
Middle East	6,783	7,530
Argentina & Peru	2,248	2,108
Rest of World	1,410	(2,070)
Segment operating income (loss)	**27,392**	**739**
Startek consolidation adjustments		
Less: Goodwill impairment	7,146	-
Less: Intangible amortisation	10,529	7,031
Total operating income (loss)	**9,717**	**(6,292)**

A single client accounted for 17% and 20% of the consolidated total net revenue during the year ended December 31, 2019 and nine month ended December 31, 2018 respectively.

Property, plant and equipment, net by geography based on the location of the assets is presented below:

	As on December 31, 2019	As on December 31, 2018
Property, plant and equipment, net:		
Americas	14,156	12,704
India & Sri Lanka	10,772	13,654
Malaysia	4,375	5,058
Middle East	4,722	6,507
Argentina & Peru	1,701	1,881
Rest of World	1,781	2,438
Total	**37,507**	**42,242**

15. PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment as of December 31, 2019 and December 31, 2018 consisted of the following, by asset class:

	As of December 31, 2019	As of December 31, 2018
Land, buildings and improvements	15,533	11,847
Telephone and computer equipment	18,110	12,618
Furniture, fixtures, and miscellaneous equipment	8,470	8,954
Construction in progress	1,180	439
Computer Software	18,152	13,785
Assets acquired under capital lease	4,391	3,841
	65,836	**51,484**
Less accumulated depreciation, amortization and impairment	26,345	8,783
Less accumulated amortization under capital lease	1,984	459
Total property, plant and equipment, net	**37,507**	**42,242**

Depreciation and amortization expense for property, plant and equipment was $19,226 and $13,431 for the year ended December 31, 2019, and nine months ended December 31, 2018, respectively.

16. INTEREST AND OTHER INCOME (EXPENSE), NET

Interest and other income (expense), net for the year ended December 31, 2019, and nine months ended December 31, 2018 were composed of the following:

	Year ended December 31, 2019	Nine months ended December 31, 2018
Interest income	434	123
Interest expense	(14,109)	(10,380)
Other finance cost	(2,573)	(1,456)
Other income (expense)	424	493
Interest and other income (expense), net	**(15,824)**	**(11,220)**

17. COMPARATIVE PRIOR YEAR DATA

The information for year ended December 31, 2019 includes information for Startek and Aegis for entire year. The comparative information for December 31, 2018 includes Startek transaction from July 20, 2018 (i.e. date of acquisition) until December 31, 2018 and Aegis transaction from January 1, 2018 to December 31, 2018.

	Year ended December 31, 2019 (Audited)	Year ended December 31, 2018 (Unaudited)
Revenue	659,205	535,412
Warrant contra revenue	(1,295)	-
Net revenue	657,910	535,412
Cost of services	(547,014)	(449,529)
Gross Profit	**110,896**	**85,883**
Selling, general and administrative expenses	(91,363)	(74,425)
Impairment losses and restructuring cost	(9,827)	(5,830)
Acquisition related cost	11	(11,425)
Operating Income (loss)	**9,717**	**(5,797)**
Share of profit of equity-accounted investees	(226)	179
Interest and other income	858	649
Interest and other cost	(16,682)	(15,998)
Exchange gain (loss), net	(2,157)	(2,588)
Loss before income taxes	**(8,490)**	**(23,555)**
Tax expenses		
Current tax	5,892	4,812
Deferred tax (benefit) / expenses	(1,101)	(912)
Tax expense	**4,791**	**3,900**
Net loss	**(13,281)**	**(27,455)**

18. LEASES

We have operating and finance leases for service centers, corporate offices and certain equipment. Our leases have remaining lease terms of 1 year to 10 years, some of which include options to extend the leases for up to 3-5 years, and some of which include options to terminate the leases within 1 year.

The components of lease expense were as follows:

		Year ended December 31, 2019
Operating lease cost	$	30,752
Finance lease cost:		
Amortization of right-of-use assets	$	1,990
Interest on lease liabilities	$	89
Total Finance lease cost	$	**2,079**

Supplemental cash flow information related to leases was as follows:

	Year ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	30,518
Operating cash flow from finance leases	89
Financing cash flows from finance leases	2,359
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	73,692
Finance leases	1,400

Supplemental balance sheet information related to leases was as follows:

	As of December 31, 2019
Operating leases	
Operating lease right-of-use assets	73,692
Operating lease liabilities current	19,677
Operating lease liabilities non-current	54,341
Total operating lease liabilities	**74,018**
Finance Leases	
Property and equipment, at cost	4,391
Accumulated depreciation	(1,984)
Property and equipment, at net	**2,407**
Finance lease current liabilities	632
Other long-term liabilities	1,353
Total finance lease liabilities	**1,985**
Weighted average remaining lease term	
Operating leases	4.66 yrs
Finance leases	1.92 yrs
Weighted average discount rate	
Operating leases	7.3%
Finance leases	6.0%

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2020	24,058	1,144
2021	15,309	593
2022	12,157	434
2023	9,620	-
2024	8,613	-
Thereafter	8,681	-
Total Lease payments	**78,438**	**2,171**
Less imputed interest	(4,420)	(186)
Total	**74,018**	**1,985**

19. SUBSEQUENT EVENT

On January 15, 2020, Mr. Lance Rosenzweig resigned as a member of the Board of Directors and Chief Executive Officer effective and Mr. Aparup Sengupta was appointed to serve as the new Chief Executive Officer of the Company effective as of January 15, 2020.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act 1934, with the supervision and participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the management has evaluated the effectiveness of our disclosure controls and procedures as at December 31, 2019, which is the period covered in this Annual Report.

Disclosure controls represent controls and procedures designed to ensure that information required to be disclosed in the report submitted under the Exchange Act 1934 is processed, summarized and reported, within the time period specified in the Rules and Forms of the Commission and include controls and procedures to ensure that the said information is accumulated and communicated to the management including to the CEO and CFO, to facilitate timely disclosure decisions by them.

Based on the process carried out as mentioned above, our CEO and CFO have concluded that our disclosure controls and procedures were ineffective on December 31, 2019 due to material weaknesses in financial reporting described below.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting as such terms defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Internal control over financial reporting represents a process designed by the management, including the CEO and the CFO, and effected by the Board of Directors and other personnel in the organisation. The internal controls over financial reporting provide reasonable assurance about the reliability of the process of preparation of the financial statements in accordance with generally accepted accounting principles and the resultant external financial reporting. The process of preparation of the financial statements also includes:

● maintenance of records including adequate details supporting the transactions and reflecting the nature thereof;
● providing reasonable assurance that transactions are recorded in accordance with the generally accepted accounting principles. Further, key controls, such as "authorisation" and "segregation of duty", exists while undertaking and recording of all the transactions; and
● providing reasonable assurance that unauthorised access to the accounting and financial data and/or unauthorised access to or disposition of assets and/or liabilities is either prevented or detected on a timely basis to ensure that no material misstatements occurs in the financial statements;

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2019 based on the framework in "*Internal Control-Integrated Framework*" issued by Committee of Sponsoring Organizations of the Treadway Commission (2013). During their evaluation of the effectiveness of internal controls, the management has identified material weaknesses relating to certain general information technology controls:

Access to the database over an accounting software application in the United States and probable changes to the said database, if any.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Based on this assessment and the material weaknesses identified above, management has concluded that our internal controls over financial reporting was ineffective as on December 31, 2019. Notwithstanding the material weakness in internal control over financial reporting relating to IT General Control deficiencies disclosed above, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that the consolidated financial statements as of December 31, 2019 presented fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

The material weaknesses described above did not result in any material misstatements to the company's previously issued financial statements including quarterly financial statements nor in the financial statements disclosed in this form 10-K.

Remediation plans

The Company's management is committed to maintaining a strong internal control environment consistently. The identified material weaknesses were primarily attributable to the 'event-based risk' i.e. handover process of transition rather than a process design gap. The management has already performed the remediation for access clean-up in January 2020 and restricted the database access to the database administrators only. In addition, on an on-going basis management will perform a quarterly re-certification of the database accesses, alongwith the designing of a process for identifying and regular monitoring of direct database changes, if any.

The effectiveness of our internal control over financial reporting as at December 31, 2019, has been audited by BDO India LLP, an independent registered public accounting firm, as stated in their report set out above.

Changes in Internal Control over Financial Reporting

Subject to the above, and notwithstanding that certain control activities have transitioned to new control owners, there were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Introductory Note

As previously disclosed, StarTek, Inc. (the "Company"), is a party to that certain Transaction Agreement, dated March 14, 2018, as amended on July 3, 2018 (the "Transaction Agreement"), by and among the Company, CSP Alpha Holdings Parent Pte Ltd, a Singapore private limited company (the "Aegis Stockholder") and CSP Alpha Midco Pte Ltd, a Singapore private limited company ("Aegis"), pursuant to which the Company agreed to acquire all of the outstanding capital stock of Aegis from the Aegis Stockholder, in exchange for the issuance of 20,600,000 shares of the common stock of the Company, par value $.01 per share (the "Common Stock") to the Aegis Stockholder, and in addition, the Aegis Stockholder agreed to purchase additional newly issued shares of our common stock at a price of $12.00 per share for an additional payment of $2,000,000. The transactions contemplated by the Transaction Agreement are referred to herein as the "Aegis Transactions."

Board of Directors

Set forth below is information regarding our Board of Directors as of December 31, 2019:

Aparup Sengupta; age 55; Operating Partner, Capital Square Partners (Management) Pte Ltd.

Mr. Sengupta is the Operating Partner of Capital Square Partners (Management) Pte Ltd. ("CSP") and is on the board of Aegis. Previously, he was the Executive Chairman of The Minacs Group ("Minacs"), a business solutions company, from 2014. Prior to joining Minacs, Mr. Sengupta was the Global CEO and Managing Director at Aegis from 2005 to 2012. Mr. Sengupta holds a Bachelor's degree in Electrical Engineering from the Indian Institute of Engineering Science and Technology, formally known as the Bengal Engineering and Science University. Mr. Sengupta was appointed to serve as the new Chief Executive Officer of the Company effective as of January 15, 2020.

Sanjay Chakrabarty; age 51; Founder and Managing Partner, Capital Square Partners (Management) Pte Ltd.

Mr. Chakrabarty is the Founder and Managing Partner of CSP and has been serving on the board of ESM, since March 2018. In addition, he has been a director on the board of CSS Corp, since June 2013. Mr. Chakrabarty was previously a board member of Minacs, prior to its sale to SYNNEX Corporation (NYSE: SNX). Prior to founding CSP, Mr. Chakrabarty served as the President and Venture Partner of Columbia Capital's India and SE Asia investments from late 2007 to December 2012. Before his investment role, Mr. Chakrabarty was the Founder & CEO of MobiApps Holdings, a technology company that built products and services based on a patent protected radio frequency semiconductor for satellite communications. Mr. Chakrabarty holds a dual B.S. degree in Computer Engineering and Mathematics from Pennsylvania State University at Slippery Rock and an M.B.A. from Carnegie Mellon University.

Mukesh Sharda; age 48; Founder and Managing Partner, Capital Square Partners (Management) Pte Ltd.

Mr. Sharda is the Founder and Managing Partner of CSP and is currently on the Board of Aegis and Indecomm. Prior to co-founding CSP, Mr. Sharda was the Executive Director and Country Head for Avenue Capital Group from 2005 through 2012, an investment manager with billions of assets under management and dedicated funds raised to invest in Asia. Mr. Sharda covered investments in South East Asia and India. Prior to joining Avenue Capital Group, Mr. Sharda worked in investment banking (Structured Finance and M&A) from 1997 through 2004 in Singapore and Hong Kong at Deutsche Bank. Mr. Sharda also previously served on the board of directors at National Citizen Bank in Vietnam. Mr. Sharda is a Chartered Accountant from the Institute of Chartered Accountants in India and holds a Bachelor of Commerce degree from Gujarat University, India.

Bharat Rao; age 55; Operating Partner, Capital Square Partners (Management) Pte Ltd.

Mr. Rao is the Managing Partner of CSP and has been serving on the board of ESM, since March 2018. Prior to joining CSP, he was a Managing Director with the investment banking arm of Credit Suisse in Asia from November 2012 to June 2016. Prior to joining Credit Suisse Mr. Rao was a Managing Director and managed client relationships, origination and financial sponsors group for ING Bank in South East Asia from August 2010 to November 2012. Before transitioning to investment banking, Mr. Rao served as the Country Manager for Indonesia at Actis Capital Partners, a leading emerging market focused growth and buyout fund, and was responsible for financial services investments in South East Asia from August 2006 to March 2009. Prior to this role in private equity, Mr. Rao was a Partner with the Australasian practice of PricewaterhouseCoopers and focused on providing transactions advisory services from February 1999 to July 2006. Mr. Rao holds a Bachelor's degree with honors in Electrical Engineering from the Indian Institute of Technology and an M.B.A. from the Indian Institute of Management.

Lance Rosenzweig; age 57; Former Global Chief Executive Officer

Mr. Rosenzweig served as our Global Chief Executive Officer from July 2018 to January 15, 2020. He has served on the board of Boingo Wireless, a leading WiFi and DAS provider since July 2014, and of Quality Systems, Inc., a leading healthcare IT and revenue cycle management company, since May 2012. From 2015 through 2016, Mr. Rosenzweig was an Operating Executive of Marlin Operations Group, working with Marlin Equity Partners, a global investment firm, where he served as Chairman of the board of Duncan Solutions and GiftCertificates.com and Chairman of the board and interim Chief Executive Officer of Domo Tactical Communications. Mr. Rosenzweig served as the Chief Executive Officer and President, Global Markets for Aegis USA, Inc., a leading business process outsourcing company with over 18,000 employees, from 2013 through the company's sale in 2014. Mr. Rosenzweig also co-founded and served as Chairman of PeopleSupport, Inc. since its inception in 1998 and as Chief Executive Officer from 2002 through the company's IPO in 2004 and subsequent sale in 2008. He also served as President of Aegis Business Development Group from 2008 to 2010. Mr. Rosenzweig co-founded other wireless, manufacturing and finance companies including UniSite, which was acquired by American Tower; Newcastle Group, which was acquired by Tyco, and 24/7 Card. Prior to 1993, Mr. Rosenzweig was a divisional Vice President at GE Capital, a Vice President in the investment banking group of Dean Witter (now Morgan Stanley), a Vice President of Capel Court Pacific and a Corporate Planning Manager of Jefferson

Smurfit. Mr. Rosenzweig received a B.S. in Industrial Engineering from Northwestern University and an M.B.A. from Northwestern University Kellogg School of Management. Mr. Rosenzweig resigned as a member of the Board of Directors and Chief Executive Officer effective as of January 15, 2020.

Jerry Schafer; age 66; Retired
Mr. Schafer brings more than three decades of executive experience overseeing business development efforts, managing operations and leading finance teams for global corporations. Prior to his retirement, Schafer most recently served as the vice president of worldwide development for McDonald's Corporation, where he was responsible for the company's global expansion initiatives. Schafer also served as chief operations officer and executive officer of development for McDonald's China. Prior to McDonald's, Schafer was the chief financial officer of Chipotle Mexican Grill, where he implemented multiple finance and accounting functions to support company's early stages of growth. Prior to his CFO role, Schafer led Chipotle's initial expansion efforts outside the city of Denver, launching 25 new restaurants in three cities. Mr Schafer holds a Bachelor of Arts in accounting from Walsh College and is a licensed CPA. He currently serves on the board of trustees for Walsh College and the board of trustees for the Ronald McDonald House of North Carolina, including locations in the city of Durham and Wake County.Schafer is also a consultant to Salad and Go, a start-up restaurant concept in the Phoenix area.

Albert Aboody; age 72; Retired
Mr. Aboody is a retired KPMG -US audit partner with 33 years of experience with public companies. He was also seconded to KPMG India where he led its audit practice and served as Deputy Chairman and as a member of its Advisory Board. Following his retirement, Mr. Aboody joined the Board of WNS Global Services in 2010 as chair of its audit committee until his retirement in 2017. During the period from 2011 to 2015 Mr. Aboody was the Independent Monitor for Price Waterhouse in connection with its compliance with SEC and PCAOB Orders. Mr. Aboody also co-authored the chapter on SEC Reporting Requirements in the 2001- 2008 editions of the Corporate Controller Manual. Mr. Aboody holds a Bachelor's Degree from Princeton University's Woodrow Wilson School of Public and International Affairs and did graduate study in philosophy at Cambridge University and is a licensed CPA.

Julie Schoenfeld; age 62; Vice President, Cruise Automation
Ms. Schoenfeld is a serial entrepreneur who has led four venture-backed startups. Her most recent company, Strobe Inc., (founded in 2014) was acquired by General Motors Cruise Automation in 2017 and is building groundbreaking LiDAR sensor technology for the self-driving car. Since 2017 she has been Vice President at GM Autonomous Vehicle Subsidiary, Cruise Automation. From 2007 to 2014 Julie was CEO of Perfect Market, Inc., a digital publishing software company backed by Trinity Ventures, Idealab and Comcast. Perfect Market was acquired by Taboola in July 2104. Julie also served as CEO and founder for two other successful venture-backed start-ups. In 1999 she led the sale of Net Effect, Inc., for over $300M to Ask. Ms. Schoenfeld was also Vice President worldwide sales for Stream International from 1995 to 1998. Julie holds a B.S. in engineering from Tufts University and an M.B.A. from Harvard Business School.

Audit Committee
Our Board of Directors has an Audit Committee that assists the Board of Directors in fulfilling its oversight responsibility relating to our financial statements and financial reporting process and our systems of internal accounting and financial controls. The Audit Committee is also responsible for the selection and retention of our independent auditors, reviewing the scope of the audit function of the independent auditors and approving non-audit services provided to us by our auditors, and reviewing audit reports rendered by our independent auditors. The members of the Audit Committee are Mr. Aboody, Chairman, Ms. Schoenfeld, and Mr Schafer each of whom is an "independent director" as defined by the New York Stock Exchange's ("NYSE") listing standards and is financially literate.

Code of Business Conduct and Ethics
We have adopted a Code of Business Conduct and Ethics that applies to all of our directors and employees, including our principal executive officer, principal financial officer, and principal accounting officer. The Code of Business Conduct and Ethics is available on the Behind StarTek - Investors - Corporate Governance page on our website at www.startek.com. We intend to disclose on our website any amendments to or waivers of the code applicable to our directors, principal executive officer, principal financial officer, chief accounting officer, controller, treasurer and other persons performing similar functions within four business days following the date of such amendment or waiver.

Section 16(A) Beneficial Ownership Reporting Compliance
Section 16(a) of the Exchange Act requires our directors and executive officers and beneficial owners of more than 10% of our outstanding common stock (collectively, "Insiders") to file reports with the SEC disclosing direct and indirect ownership of our common stock and changes in such ownership. The rules of the SEC require Insiders to provide us with copies of all Section 16(a) reports filed with the SEC. Based solely upon a review of copies of Section 16(a) reports received by us, and written representations that no additional reports were required to be filed with the SEC, we believe that our Insiders have timely filed all Section 16(a) reports during the 2019 fiscal year.

Current Executive Officers
Set forth below is information regarding our executive officers as of December 31, 2019:

Officer Name	Age	Position	Joined StarTek
Lance Rosenzweig	57	President and Global Chief Executive Officer	2018*†
Ramesh Kamath	62	Chief Financial Officer	2018*
Rajiv Ahuja	56	Global Chief Operating Officer	2019
Joseph Duryea	56	Global Chief Revenue Officer	2018
Surender Mohan Gupta	54	Global Chief People Officer	2018*
Wayne White	55	Global Chief Information Officer	2015††

* Indicates executive officer who joined the Company in connection with the closing of the Aegis Transactions.

† Mr. Rosenzweig resigned as the President and Global Chief Executive Officer of the Company effective as of January 15, 2020. Aparup Sengupta was appointed to serve as the new Chief Executive Officer of the Company effective as of January 15, 2020. Mr. Sengupta's biography appears under the heading "<u>*Board of Directors*".</u>

†† Mr. Duryea separated as Global Chief Revenue Officer effective as of February 15, 2020.

††† Mr. White resigned as the Global Chief Information Officer effective as of February 28, 2020.

Mr. Rosenzweig's biography appears under the heading *"Board of Directors."*

Ramesh Kamath; age 62; Chief Financial Officer
Mr. Kamath currently serves as our Chief Financial Officer. He previously served as CFO of Aegis Global, which was combined with StarTek on July 20, 2018. At Aegis, Ramesh helped manage more than 40,000 employees, implemented various internal controls, and centralized the company's treasury management system to improve working capital and cash flow management. Prior to Aegis, he also led the finance organization of prominent BPOs, including serving as CFO of The Minacs Group and Progeon (now Infosys BPO).

Rajiv Ahuja; age 56; Global Chief Operating Officer
Mr Ahuja joined Startek in July 2019. Mr Ahuja is a multi-faceted leader with decades of experience in the customer experience industry and has a proven track record of taking customer-centric organizations to the next level. He previously served as the SVP & Country Manager India, China, Malaysia and Japan at Convergys. Prior to Convergys, Rajiv was associated with Aegis for 12 years in various leadership roles, most recently as President, ASEAN & ANZ. Earlier, Rajiv headed AOL's captive center in Bangalore, headed Dell's US Consumer Care Division in India and served as the India COO of VCustomer.

Joseph Duryea; age 56; Former Global Chief Revenue Officer
Mr. Duryea joined StarTek in September 2018. Mr. Duryea previously served as Vice President of Sales and Marketing for FNTS, a private infrastructure-as-a-service provider owned by First National of Nebraska company from 2016 to 2018. While at FNTS, Mr. Duryea and his team established and fostered partnerships with Dell, IBM, AWS, Azure and several other companies involved in the hyperscale cloud. FNTS was selected as Dell Partner of the Year in 2018. From 2014 until 2016, Mr. Duryea was engaged in a long-term consulting engagement with DTC, an overt and covert surveillance business that serves state, federal, military and international clients. He previously served as Senior Vice President of Sales and Marketing at StarTek, Inc. from April 2012 until June of 2014. Mr. Duryea served as Senior Vice President of Sales for Customer Management Business at Aegis PeopleSupport, Inc. from September 2005 until December 2009 where he had full revenue responsibility for the company. Mr. Duryea has a 30-year career in the BPO industry and has been a key executive in several fast-growing BPO firms. Mr. Duryea has a Bachelor of Science degree in Business Administration from the University of Nebraska. Mr. Duryea's employment with Startek ended effective February 15, 2020.

Surender Mohan (SM) Gupta; age 54; Global Chief People Officer
Mr. Gupta joined StarTek in July 2018. Previously, SM served as Chief People Officer at Aegis, where he joined in 2008. SM brings over 30 years of HR experience across a variety of industries, including IT, ITES, Telecom, Retail, Oil and FMCG. Throughout his career, he has executed innovative, forward-thinking strategies to attract, develop, reward, and retain top talent. Under SM's leadership, his organization has been instrumental in winning numerous distinct HR awards from industry bodies such as Aon, Great Place to Work, National Award from Govt. of India, NASSCOM, CII, SHRM, People Matters, NCPEDP, Businessworld and BPeSA among others.A distinguished speaker and thought leader at various forums and associations, he is committed to creating a progressive workplace where employees thrive in a culture of empowerment, inclusion, and diversity. SM has also served as board director for Contact Center Company (CCC), the joint venture company of STC and Aegis in Saudi Arabia, and is a governing board member for the National Abilympic Association of India. He is also a member of CII National Committee on Special Abilities and member of IBDN (India Business and Disability Network) for mainstreaming Persons with Disabilities (PwDs) into the workforce. He holds a Bachelor's degree in Science, Master in Business Administration (MBA) from Kurukshetra University and a Doctorate degree (Ph.D.) in Commerce & Management Studies from Andhra University.

Wayne White; age 55; Former Global Chief Information Officer
Prior to joining Startek in August 2015, Mr. White was a Senior Partner at a process and analytics consulting firm, and led design, development, engineering and IT enhancements for major corporations including US West, Qwest, Avaya, TTEC, and Covad. Mr. White is particularly skilled in network systems, Big Data analytics, and security as well as datacenter infrastructure, storage, and disaster recovery. His training includes Six Sigma Black Belt, SAS Analytics, a Project Management Professional (PMP) certification, and is a Cisco Call Center Architect Expert (CCCAE). Mr. White resigned as the Global Chief Information Officer effective as of February 28, 2020.

Certain Former Executive Officers
Set forth below is information regarding certain persons who were executive officers during a portion of 2019, which resulted in such persons being included below in "Item 11 - Summary Compensation Table":

Peter F. Martino; age 53; Chief Operating Officer, Americas and Philippines
Prior to joining StarTek in 2014, Mr. Martino held various positions at Sitel, a global business process outsourcing company, since 2006. Most recently, he served as General Manager of North America, in which position he led operations in North America with 25 locations and more than 10,000 employees and oversaw over $400 million in annual revenue. From 2007 to 2012, Mr. Martino served as Senior Vice President of Operations for Sitel, and from 2006 to 2007, he served in the same role for ClientLogic, a global business process outsourcing company, prior to its merger with Sitel. Prior to Sitel, Mr. Martino served as a Senior Director of Global Outsourcing with Microsoft where he was responsible for placement of large-scale global support programs. Mr. Martino has over 20 years' experience in the BPO industry that includes client and outsourcing senior leadership roles.

Sandeep Gulati; age 50; Chief Operating Officer - APAC and Middle East & Africa (MEA)
Mr. Gulati joined StarTek in July 2018. Sandeep is a multi-faceted leader who brings more than 26 years of experience across contact center management, strategic planning, and project management. During his tenure with Aegis, which began in 2010, Sandeep has held multiple positions and spearheaded the global performance improvement and process excellence initiatives as well as managed critical initiatives in productivity optimization and Six Sigma. He also headed operations for India CLM and Sri Lanka. Additionally, Sandeep played an instrumental role in launching a first-of-its-kind global command center, which provides real-time data updates across visually interactive dashboards to decipher actionable intelligence insights. Prior to Aegis, Sandeep

held multi-functional roles across blue chip organizations like GE and Vodafone and also spearheaded the launch of Dell's contact center operations in India. He holds a Bachelors' degree in Electronics and Communications Engineering from Bangalore University.

ITEM 11 - EXECUTIVE COMPENSATION

As a "smaller reporting company", the Company has elected to follow the scaled disclosure requirements for smaller reporting companies with respect to the disclosures required by Item 402 of Regulation S-K. Under such scaled disclosure, the Company is not required to provide a Compensation, Discussion and Analysis, Compensation Committee Report and certain other tabular and narrative disclosures relating to executive compensation.

Compensation Committee

Our Board of Directors also has a Compensation Committee, which reviews our compensation programs and exercises authority with respect to payment of direct salaries and incentive compensation to our executive officers. In addition, the committee is responsible for oversight of our equity incentive plans. In 2019, the members of the Compensation Committee were Mr. Sengupta, Chairman, Mr. Sharda and Ms. Schoenfeld. As allowed by the "controlled company" exemption from the NYSE Corporate Governance Standards, our Compensation Committee was not comprised entirely of independent directors; two members, Messrs. Sengupta and Sharda, have not been determined by our Board of Directors to be independent directors. Mr. Sengupta resigned from the Compensation Committee in January 2020 following his appointment as the Company's Global Chief Executive Officer.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year (a)	Salary ($)	Bonus ($)	Option Awards ($) (b)	Non-Equity Incentive Plan Compensation ($) (c)	All Other Compensation ($) (d)	Total ($)
Lance Rosenzweig, Global Chief Executive Officer **(e)**	2019	602,308	271,233		—	4,304	877,845
	2018	221,538	250,000 (f)	2,266,145		1,650	2,739,333
Peter F. Martino, Former Chief Operating Officer, Americas and Philippines	2019	178,941	50,000		—	291,952	520,893
	2018	267,608 **(g)**	206,000 **(f)**	6,987	—	12,954	493,549
SM Gupta, Global Chief People Officer	2019	270,888	51,001	—	—	33,764	355,654
Sandeep Gulati, Former Chief Operating Officer, APAC and Middle East & Africa (MEA)	2019	272,479	49,925			104,341	426,745
Joseph Duryea, Global Chief Reveune Officer	2019	339,566 **(h)**	—	—	—	3,458	343,024

(a) All amounts in this table are presented for the full calendar years that are indicated. As discussed further elsewhere in this Form 10-K, for accounting purposes, the Aegis Transactions are treated as a reverse acquisition and Aegis is considered the accounting acquirer. As a result, the fiscal year end of the Company upon closing of the Aegis Transactions became March 31. Upon filing of the Form 8-K/A by the Company on October 5, 2018, the fiscal year end of the Company was changed back to December 31 by the Board of Directors. In order to provide comparability of historical compensation practices, the historical compensation information in this Summary Compensation Table is provided for the full calendar years that are indicated.

(b) The amounts shown in this column reflect the aggregate grant date fair value of stock awards and options granted to each named executive officer during 2019 and 2018, respectively. This does not reflect amounts paid to or realized by the named executive officers. See Note 11 to our consolidated financial statements for the twelve months ended December 31, 2019 for information on the assumptions used in accounting for equity awards.

(c) The amounts disclosed under Non-Equity Incentive Plan Compensation reflect payouts under the annual Executive Incentive Plan that was in effect prior to the consummation of the Aegis Transactions.

(d) Included in All Other Compensation for 2019 are employer contributions related to our 401(k) Plan (Mr. Martino, $9,258; Mr. Duryea, $2,650) and Provident fund (Mr. Gupta $15,334; Mr. Gulati, $10,233), premiums for health insurance (Mr. Rosenzweig, $1,719; Mr. Martino, $720); premiums for group short term disability insurance (Mr. Rosenzweig, $2,585; Mr. Martino, $1,974; Mr. Duryea, $808); severance payments made to Mr. Martino upon the termination of his employment with the Company ($280,000); severance payments made to Mr. Gulati upon the termination of his employment with the Company ($76,740); and paid holiday leave (Mr. Gupta $18,430, Mr. Gulati, $17,368).

Included in All Other Compensation for 2018 are employer contributions related to our 401(k) Plan (Mr. Martino, $7,907;), health insurance premiums (Mr. Rosenzweig, $573; Mr. Martino, $2,961;), premiums for group term and long term disability insurance (Mr. Martino, $966;), premiums for group short term disability insurance (Mr. Rosenzweig, $1,077; Mr. Martino, $1,120;);

(e) Mr. Rosenzweig became Global Chief Executive Officer upon the consummation of the Aegis Transactions in 2018. Amounts presented do not include any compensation paid to Mr. Rosenzweig by Aegis for periods prior to the consummation of the Aegis Transactions.

(f) All bonus payments made in 2018 were categorized as follows:

	Extraordinary Service Bonus (1)	Aegis Transaction Closing Bonus (2)	Sign-On Bonus	Retention Bonus	Total
Mr. Rosenzweig	--	--	$250,000 (4)	--	$250,000
Mr. Martino	$50,000	$156,000	--	--	$206,000

(1) In 2018, the Board of Directors authorized a discretionary bonus pool designed to reward certain employees selected by the Chief Executive Officer for extraordinary services rendered in connection with various strategic initiatives, including the Aegis Transactions and the Amazon Transaction Agreement.
(2) Represents amounts paid to the executive officers in connection with the closing of the Aegis Transaction.
(3) Represents a sign-on bonus payment made in connection with Mr. Rosenzweig's appointment as Global Chief Executive Officer following the closing of the Aegis Transactions.

(g) Mr. Martino's salary included commissions of $7,608 in fiscal 2018.

(h) Mr. Duryea's salary included commissions of $88,605 in fiscal 2019.

Outstanding Equity Awards at 2019 Fiscal Year End

The following table identifies the exercisable and unexercisable option awards for each of the named executive officers as of December 31, 2019.

		Option Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	
Lance Rosenzweig	7/23/2018	97,333	486,667	6.17	7/23/2028	(a)
Peter F. Martino	3/6/2018	1,159	—	11.18	3/6/2028	
	2/23/2017	7,427	—	9.17	2/23/2027	
	2/22/2016	3,287	—	4.62	2/22/2026	
	2/17/2015	5,506	—	8.85	2/17/2025	
	1/20/2014	85,000	—	6.75	1/20/2024	

(a) Options scheduled to vest in 12 equal quarterly installments beginning on October 20, 2018. The vesting of such options were accelerated as of January 15, 2020 in connection with Mr. Rosenzweig's resignation as Chief Executive Officer.

EMPLOYMENT AGREEMENTS

Lance Rosenzweig

In connection with his appointment as President and Global Chief Executive Officer upon closing of the Aegis Transactions, Mr. Rosenzweig entered into a letter agreement that provides an annual base salary of $600,000, a target annual bonus opportunity of 100% of his base salary, and eligibility to participate in the Company's employee benefit plans on generally the same terms as the Company's other executives. As an inducement to join the Company, he was also granted an option to purchase 584,000 shares of the Company's common stock (vesting in quarterly installments over a period of three years). In general, if Mr. Rosenzweig's employment is terminated by the Company without cause or by him for good reason (as such terms are defined in the letter agreement), he would be entitled to 6 months' base salary, 50% of the target bonus for the year in which the qualifying termination occurs and reimbursement by the Company of his COBRA premiums for up to 6 months. The Company has the right but not the obligation to extend such payments for up to an additional 12 months, in two 6-month periods, in exchange for continued enforcement of certain restrictive covenants post-termination (with the 50% target bonus substituted for a pro-rated bonus based on actual results). Upon any termination of employment, Mr. Rosenzweig will forfeit all unvested stock option awards except if Mr. Rosenzweig's employment is terminated by the Company without cause or by him for good reason within 90 days before, or within 12 months after, a change in control of the Company, all outstanding and unvested options shall immediately vest in full on the later of the termination date or the date of the change in control. Mr. Rosenzweig's employment with the Company is at-will, and his offer letter does not include any specified term.

Mr. Rosenzweig resigned as the President and Chief Executive Officer and as a member of the Board of Directors of the Company, effective as January 15, 2020. In connection with Mr. Rosenzweig's resignation, the Company entered into a separation agreement with Mr. Rosenzweig, dated January 13, 2020 (the "Separation Agreement"), that provides for post-separation payments that are generally consistent with the post-separation payments that would be provided upon an eligible separation under Mr. Rosenzweig's letter of employment with the Company. The Separation Agreement provides for (i) cash severance payments equal to six months of Mr. Rosenzweig's base salary and six months of health care continuation coverage, (ii) a lump-sum payment equal to Mr. Rosenzweig's actual 2019 annual bonus and (iii) a lump-sum payment equal to 50% of Mr. Rosenzweig's target annual bonus, in each case subject to execution of a mutual general release of claims between the Company and Mr. Rosenzweig and Mr. Rosenzweig's compliance with certain restrictive covenants, including non-competition and non-solicitation for 6 months. The Separation Agreement also provides for accelerated vesting of certain of Mr. Rosenzweig's options to purchase Company common stock, which would have otherwise vested through January 31, 2020.

Other Named Executive Officers

We are parties to Employment Agreements with certain of the other named executive officers that provide for the executive's initial base salary and annual incentive bonus plan, expressed as a percentage of base salary. The Employment Agreements also provide for any initial equity grants.

Each named executive officer's employment with the Company can be terminated at any time for any reason by the Company or the executive. However, if the executive's employment is terminated without cause, he will be entitled to receive six or twelve months of his then-current annual base salary payable on the same basis and at the same time as previously paid, commencing on the first regularly scheduled pay date following termination.

The Employment Agreements also provides for non-disclosure by the executives of the Company's confidential or proprietary information and includes covenants by the executives not to compete with the Company or hire or solicit its employees, suppliers and customers, in each case for a restricted period equal to twelve months following termination of employment.

Acceleration of Equity Awards upon Change of Control

The options that have been granted to each of the named executive officers have been granted under the 2008 Equity Incentive Plan, as amended ("2008 EIP"). Unless otherwise provided in an award agreement, if a change of control (generally defined as a transaction involving a merger or consolidation of the Company or a sale of substantially all of the Company's assets) occurs, then each outstanding award under the 2008 EIP that is not yet vested will immediately vest with respect to 50% of the shares that were unvested immediately before the change of control. If, in connection with a change of control, the awards under the 2008 EIP were either continued in effect or assumed or replaced by the surviving corporation, and within two years after the change of control, a participant is involuntarily terminated other than for cause (or, for certain awards, termination with good reason), then each such outstanding award will immediately become vested and exercisable in full and will remain exercisable for twenty-four months. In the event that awards will be cancelled because they are not assumed or replaced by the surviving corporation, they will immediately vest.

In connection with the Aegis Transactions, each outstanding award under the 2008 EIP immediately vested with respect to 50% of the shares that were unvested immediately before the Aegis Transactions, and such vesting is accounted for in the table above titled *Outstanding Equity Awards at 2018 Fiscal Year End* . For those executives that were terminated within two years after the consummation of the Aegis Transactions, all remaining shares that were unvested immediately following the Aegis Transactions became vested upon the occurrence of the termination event.

Compensation of Directors

The following table presents the total compensation for each non-employee director who served as a member of our Board of Directors during 2019. In 2019, we did not pay any other compensation to the members of our Board of Directors.

Name	Stock Awards(a) ($)	Option Awards(a) ($)	Total ($)
Albert Aboody	0	67,500	67,500
Sanjay Chakrabarty	0	90,000	90,000
Bharat Rao	0	90,000	90,000
Julile Schoenfeld	90,000	0	90,000
Aparup Sengupta	0	90,000	90,000
Mukesh Sharda	0	90,000	90,000
Jerry Schafer	0	67,500	67,500

(a) The amounts shown in these columns reflect the aggregate grant date fair value of stock awards and options granted to each director during 2019. This does not reflect amounts paid to or realized by the directors. See Note 11 to our consolidated financial statements for the twelve months ended December 31, 2019 for information on the assumptions used in accounting for equity awards.

Members of the Board of Directors are compensated entirely with equity awards. At the start of each quarter, members of the Board of Directors, at their option, may elect to receive (1) stock options to purchase shares of common stock with a fair value equivalent to $22,500 (calculated using the Black-Scholes pricing model), (2) common stock with a grant date fair value of $22,500, (3) deferred stock units with a fair value equivalent to $22,500 or (4) any combination of options, stock and deferred stock units. Upon the date of grant, the members of the Board of Directors are immediately vested in the stock options or stock.

As of December 31, 2019, our current non-employee directors had the following outstanding equity awards:

Name	Aggregate number of stock options	Aggregate number of deferred stock units
Albert Aboody	14,465	0
Sanjay Chakrabarty	24,558	0
Bharat Rao	24,558	0
Julile Schoenfeld	0	0
Aparup Sengupta	24,558	0
Mukesh Sharda	24,558	0
Jerry Schafer	14,645	0

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plans

The following table summarizes information as of December 31, 2018, about our equity compensation plans.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	(c) Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	2,261,128	$ 4.95	123,125
Equity compensation plans not approved by stockholders	—	—	—
Total	2,261,128	$ 4.95	123,125

Beneficial Ownership of Common Stock by Directors, Executive Officers, and Principal Stockholders

The table below presents information as of February 15, 2020, regarding the beneficial ownership of shares of our common stock by:

- Each of our directors and the executive officers named in the Summary Compensation Table;
- Each person we know to have beneficially owned more than five percent of our common stock as of that date; and
- All of our current executive officers and directors as a group.

	Beneficial Ownership of Shares	
Name of Beneficial Owner	Number of Shares (1)	Percentage of Class
CSP Alpha Holdings Parent Pte Ltd(2)	21,235,032	55.2%
A. Emmet Stephenson, Jr.(3)(4)	2,914,382	7.6%
Steven D. Lebowitz(5)	2,418,905	6.3%
Directors:		
Albert Aboody(3)(6)	19,287	*
Sanjay Chakrabarty(3)(7)	29,200	*
Bharat Rao(3)(7)(8)	303,264	*
Julie Schoenfeld(3)	14,985	*
Aparup Sengupta(3)(7)	29,200	*
Mukesh Sharda(3)(7)(8)	303,264	*
Gerald Schafer(3)(7)(8)	19,287	*
		*
Named Executive Officers:		
Lance Rosenzweig(3)(9)	599,024	1.5%
Peter Martino(3)(10)	114,834	*
Sandeep Gulati(3)	-	-
Surender Mohan Gupta(3)	-	-
Joseph Duryea(3)	-	-
All Current Directors and Executive Officers as a group (7 persons)	760,210	2.0%

* Less than one percent.

(1) Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Under Rule 13d-3(d), shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. Accordingly, share ownership in each case includes shares issuable upon exercise of outstanding options that are exercisable within 60 days after February 22, 2019.

Included in this table are all shares of restricted stock (vested and unvested) and deferred stock units (vested and unvested) as of February 22, 2019. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the named persons has sole voting and investment power with respect to the shares shown as beneficially owned.

(2) This disclosure is based on a Schedule 13D/A filed with the SEC by CSP Alpha Holdings Parent Pte Ltd on July 20, 2018. The address of this stockholder is 160 Robinson Road, #10-01, SBF Center, Singapore, 068914.

(3) The address of such person is c/o StarTek, Inc., 6200 South Syracuse Way., Suite 485, Greenwood Village, Colorado 80111.

(4) This disclosure is based on information provided to us in a questionnaire. Mr. Stephenson has entered into an investor rights agreement with us, which is more fully described below in "Certain Relationships and Related Transactions, and Director Independence."

(5) This disclosure is based on a Schedule 13G/A filed with the SEC by Steven D. Lebowitz on February 3, 2020. The address of this stockholder is 1333 Second Street, Suite 650, Santa Monica, California 90401.

(6) Includes 19,287 shares of common stock underlying vested stock options.

(7) Includes 29,200 shares of common stock underlying vested stock options.

(8) Includes 274,064 shares of common stock owned by Advance Crest Investments Limited, which is controlled by Bharat Rao and Mukesh Sharda. Each of Messrs. Rao and Sharda disclaim beneficial ownership of all such shares held by Advance Crest Investments Limited except to the extent of their proportionate pecuniary interests therein.

(9) Includes 584,000 shares of common stock underlying vested stock options.

(10) Includes 102,379 shares of common stock underlying vested stock options.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As a “smaller reporting company”, the Company has elected to follow the scaled disclosure requirements for smaller reporting companies with respect to the disclosures required by Item 404 of Regulation S-K. Under such scaled disclosure, the Company is not required to provide information regarding the Company’s policies and procedures for the review, approval or ratification of transactions with related persons.

The Board of Directors

Our Board of Directors has determined that each of Ms. Schoenfeld, Mr. Aboody and Mr. Schafer are “independent” under the regulations of the NYSE. None of these directors has any relationship or has been party to any transactions that the Board believes could impair the independent judgment of these directors in considering matters relating to us. As allowed by the “controlled company” exemption from the NYSE Corporate Governance Standards, our Board of Directors is not comprised of a majority of independent directors; five members, Messrs. Sengupta, Chakrabarty, Sharda, Rao, have not been determined by our Board of Directors to be independent directors.

Related Transactions

Aegis Stockholder Loan

On August 26, 2019, the Company entered into a Loan Agreement with Tribus Capital Limited, as lender (“Tribus”), pursuant to which Tribus made a single-draw unsecured term loan to the Company in the aggregate amount of $1.5 million. The Company will pay interest on such loan at the rate of 8.5% per annum. All principal and interest on the loan is due and payable on February 26, 2020. Tribus is an affiliate of the Aegis Stockholder.

On November 20, 2019, the Company entered into a Loan Agreement with Bluemoss Ergon Limited , as lender (“Bluemoss”), pursuant to which Bluemoss made a single-draw unsecured term loan to the Company in the aggregate amount of $1.75 million. The Company will pay interest on such loan at the rate of 8.5% per annum. All principal and interest on the loan is due and payable on May 20, 2020. Bluemoss is an affiliate of the Aegis Stockholder.

Stock Purchase Agreement

On May 17, 2019, the Company entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Advance Crest Investments Limited (“Advance Crest”), CSP Alpha Holdings Parent Pte Ltd, a Singapore private limited company (“CSP Alpha Holdings”) and certain outside accredited investors (together with Advance Crest and CSP Alpha Holdings, the “Purchasers”) to sell 692,520 shares of its common stock (the “Shares”) to the Purchasers (including 274,064 Shares sold to Advance Crest and 100,267 Shares sold to CSP Alpha Holdings) in a private placement at a price of $7.48 per share for aggregate gross proceeds to the Company of $5,180,049.60, before offering expenses. Advance Crest is controlled by Bharat Rao and Mukesh Sharda, each of whom were appointed to serve as directors of the Company by CSP Alpha Holdings. The closing of the private placement took place on May 17, 2019.

Settlement and Standstill Agreement with Privet and A. Emmet Stephenson, Jr.

On May 5, 2011, the Company entered into a Settlement and Standstill Agreement with Privet Fund LP, Privet Fund Management LLC, Ryan Levenson, Benjamin L. Rosenzweig, A. Emmett Stephenson, Jr. and Toni E. Stephenson pursuant to which Mr. B. Rosenzweig and Mr. Sheft were appointed to our Board (Mr. B. Rosenzweig resigned from our Board effective December 31, 2018 and Mr. Sheft resigned from our Board effective February 28, 2019). Pursuant to the agreement, Privet Fund LP, Privet Fund Management LLC, Mr. Levenson and Mr. B. Rosenzweig agree that neither they, nor any of their respective affiliates will, while Mr. B. Rosenzweig or Mr. Sheft serve on the Board, engage in, among other things, any proxy solicitation with respect to the securities of the Company or any tender offer, business combination or restructuring with respect to the Company, and will not to seek to place a representative on the Board, seek the removal of any member of the Board or change the size or composition of the Board. Following Mr. Sheft's resignation from our Board on February 28, 2019, the agreement terminated and is of no further force or effect.

Management Services Agreement

In connection with the Aegis Transactions, the Aegis Stockholder entered into a Management Services Agreement with Aegis, pursuant to which the Aegis Stockholder provides Aegis with specified services, including:

- Analysis, evaluation and structuring of potential investments and divestments;
- Identification and arrangement of sources of financing; and
- Monitoring performance and providing management advice.

Aegis pays the Aegis Stockholder an annual management fee of $400,000 per year. Aegis also reimburses the Aegis Stockholder for all costs and expenses reasonably incurred by the Aegis Stockholder in connection with the provision of the management services. The Management Services Agreement will continue in effect until the termination of the agreement by mutual agreement of the Aegis Stockholder and Aegis.

Stockholders Agreement

On July 20, 2018, in connection with the consummation of the Aegis Transactions, the Company and the Aegis Stockholder entered into a Stockholders Agreement (the "Stockholders Agreement"), pursuant to which the Company and the Aegis Stockholder agreed to, among other things: (i) certain rights, duties and obligations of the Aegis Stockholder and the Company as a result of the transactions contemplated by the Transaction Agreement and (ii) certain aspects of the management, operation and governance of the Company after consummation of the Aegis Transactions. As a result of the consummation of the Aegis Transactions, the Aegis Stockholder now owns approximately 55% of the common stock of the Company.

The Stockholders Agreement outlines various corporate governance matters including board composition, director nomination rights and committees of the Company's Board of Directors (the "Board") after consummation of the Aegis Transactions. It provides that the Board shall consist of nine members comprised initially of (i) five directors (including the chairman), to be designated by the Aegis Stockholder (the "Aegis Stockholder Directors"), (ii) the Company's chief executive officer, and (iii) three independent directors, reasonably acceptable to the Aegis Stockholder (the "Non-Stockholder Directors") and that if the Aegis Stockholder does not initially designate all five of the Aegis Stockholder Directors, it shall have the right to fill any vacancy at any time. This Board composition shall continue so long as the Aegis Stockholder or its affiliates own 50% or more of the outstanding shares of the Company's common stock. If the Aegis Stockholder's ownership falls below 50%, the Aegis Stockholder shall designate (i) four directors so long as it owns 35% or more, but less than 50%, (ii) three directors, so long as it owns 25% or more, but less than 35%; (iii) two directors, so long as it owns 15% or more, but less than 25%; and (v) one director, so long as it owns 10% or more, but less than 15%. If the Aegis Stockholder ceases to beneficially own the minimum percentage of outstanding shares of the Company's common stock necessary to nominate the corresponding number of Aegis Stockholder Directors, the Aegis Stockholder shall cause the necessary number of the Aegis Stockholder Directors to offer to resign from the Board, so that the number of the Aegis Stockholder Directors is consistent with the Aegis Stockholder's ownership percentage.

If the size of the Board is increased or decreased, the Aegis Stockholder shall have the right to designate one or more directors to the Board such that the total number of Aegis Stockholder Directors shall be proportional to the number set forth in the preceding paragraph. In the event of a vacancy on the Board for a Non-Stockholder Director, the Governance and Nominating Committee shall have the sole right to fill such vacancy or designate a person for nomination, such person to be reasonably acceptable to the Aegis Stockholder. In the event of a vacancy on the Board for an Aegis Stockholder Director, the vacancy of which was not caused by the resignation of a director pursuant to the Aegis Stockholder's change in ownership, the Board is to fill the vacancy with a substitute Aegis Stockholder Director.

The Company shall avail itself of all "controlled company" exceptions to the corporate governance listing rules of the NYSE for so long as the Aegis Stockholder owns more than 50% of the voting power for the election of directors, and thereafter the Company and the Aegis Stockholder shall take all necessary actions to comply with the corporate governance listing rules of the NYSE. The committees of the Board will include an Audit Committee consisting of three Non-Stockholder Directors, as well as a Compensation Committee and a Governance and Nominating Committee, each consisting of three directors, including at least one Non-Stockholder Director. The number of Non-Stockholder Directors on all other committees is required to be proportional to the number of Non-Stockholder Directors on the Board; provided that each such committee shall have at least one Non-Stockholder Director.

Pursuant to the Stockholders Agreement, the Company renounces the expectation of corporate opportunities other than those expressly offered to a Aegis Stockholder Director or their affiliates solely in, and as a direct result of, their capacity as director of the Company. The Aegis Stockholder is required to (and will cause its affiliates to) maintain the confidentiality of and not use or otherwise exploit for its own or any third party's benefit, any of the Company's confidential information. To the extent permitted by NYSE rules, and for so long as the Aegis Stockholder owns 50% or more of the

Company's outstanding common stock, the Aegis Stockholder shall have a right to purchase its pro rata portion of any securities the Company may propose to issue apart from any Excluded Securities (as defined in the Stockholders' Agreement).

The Company agrees to keep accurate books, records and accounts and for so long as the Aegis Stockholder owns 10% or more of the outstanding shares of the Company's common stock, (a) permit the Aegis Stockholder and its designated representatives reasonable access to the books and records of the Company and to discuss the affairs, finances and condition of the Company with the Company's officers and (b) provide reasonable access to (i) the Company's auditors and officers, (ii) copies of all materials provided to the Board, (iii) the Company's appropriate officers and directors and (iv) operating and capital expenditure budgets and periodic information packages relating to the operations and cash flows of the Company and its subsidiaries.

The Stockholders Agreement also includes provisions regarding registration rights. The Company has agreed that the Aegis Stockholder and any subsidiary of the Aegis Stockholder that holds registrable securities shall have the right to make no more than four demands for the registration of registrable securities then held by such stockholders. The Company has also agreed to provide customary piggyback registration rights to the Aegis Stockholder. The Aegis Stockholder and any subsidiary of the Aegis Stockholder that holds registrable securities may require the Company to file a Form S-3 relating to the offer and sale of registrable securities then held by such stockholders. The Stockholders Agreement requires the Aegis Stockholder and any subsidiary of the Aegis Stockholder that holds registrable securities to enter into customary agreements restricting the sale or distribution of certain company securities to the extent required by the lead managing underwriter(s) with respect to certain underwritten securities offerings in which the Aegis Stockholder or such subsidiary participates.

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Non-Audit Fees

The aggregate fees billed for services rendered by BDO India LLP, during the years ended December 31, 2019:

		2019
Audit fees (a)	$	550,000
Total	$	550,000

(a) Audit fees for services consisted of audits of our annual financial statements and internal controls over financial reporting and reviews of our Quarterly Reports on Form 10-Q.

In accordance with our Audit Committee Charter, the Audit Committee approves in advance any and all services provided by our independent registered public accounting firm, including audit engagement fees and terms and non-audit services provided to us by our independent auditors (subject to the *de minimis* exception for non-audit services contained in the Exchange Act), all as required by applicable law or listing standards. The independent auditors and our management are required to periodically report to the Audit Committee the extent of services provided by the independent auditors and the fees associated with these services.

The Audit Committee has determined that the non-audit services provided by BDO were compatible with maintaining the firm's independence.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form 10-K:

1. *Consolidated Financial Statements.* See the index to the Consolidated Financial Statements of StarTek, Inc. and its subsidiaries that appears in Item 8 of this Form 10-K.

2. The *Index of Exhibits* is incorporated herein by reference.

INDEX OF EXHIBITS

Exhibit No.	Exhibit Description	Incorporated Herein by Reference Form	Exhibit	Filing Date
2.1	Transaction Agreement dated as of March 14, 2018 by and among StarTek, Inc., CSP Alpha Midco Pte Ltd and CSP Alpha Holdings Parent Pte Ltd	8-K	2.1	3/15/2018
2.2	First Amendment to Transaction Agreement, dated as of July 3, 2018, by and among StarTek, Inc., CSP Alpha Midco Pte Ltd, and CSP Alpha Holdings Parent Pte Ltd	8-K	2.1	7/5/2018
2.3	Stockholders Agreement dated as of July 20, 2018, by and between StarTek, Inc. and CSP Alpha Holdings Parent Pte Ltd	8-K	2.1	7/20/2018
3.1	Restated Certificate of Incorporation of StarTek, Inc.	S-1	3.1	1/29/1997
3.2	Amended and Restated Bylaws of StarTek, Inc.	8-K	3.2	11/1/2011
3.3	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 21, 1999	10-K	3.3	3/8/2000
3.4	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 23, 2000	10-Q	3.4	8/14/2000

3.5	Certificate of Amendment to the Restated Certificate of Incorporation of StarTek, Inc.	8-K	3.1	7/20/2018
4.1	Specimen Common Stock certificate	10-Q	4.2	11/6/2007
4.2	Warrant to purchase up to 4,000,000 shares of StarTek, Inc. common stock issued to Amazon.com NV Investment Holdings LLC on January 23, 2018	10-Q	4.1	5/8/2018
10.1†	Form of Performance-Based Restricted Stock Unit Award Agreement pursuant to 2008 Equity Incentive Plan	10-Q	10.2	5/10/2016
10.2†	Form of Non-Statutory Stock Option Agreement (Director) pursuant to StarTek, Inc. 2008 Equity Incentive Plan	8-K	10.3	5/5/2008
10.3†	Form of Incentive Stock Option Agreement pursuant to StarTek, Inc. 2008 Equity Incentive Plan	8-K	10.4	5/5/2008
10.4†	Form of Restricted Stock Award Agreement (Employee) pursuant to StarTek, Inc. 2008 Equity Incentive Plan	8-K	10.5	5/5/2008
10.5†	Form of Restricted Stock Award Agreement (Director) pursuant to StarTek, Inc. 2008 Equity Incentive Plan	8-K	10.6	5/5/2008
10.6†	Form of Indemnification Agreement between StarTek, Inc. and its Officers and Directors	10-K	10.49	3/9/2004
10.7†	Form of Non-Statutory Stock Option Agreement (Director) pursuant to StarTek, Inc. 2008 Equity Incentive Plan	10-Q	10.3	11/2/2011
10.8†	Form of Deferred Stock Unit Master Agreement (Director) pursuant to StarTek, Inc. 2008 Equity Incentive Plan	10-K	10.36	3/9/2012
10.9†	StarTek, Inc. 2008 Equity Incentive Plan (as amended and restated June 14, 2016)	DEF 14A	A	4/29/2016
10.10†	StarTek, Inc. Employee Stock Purchase Plan (as amended and restated June 14, 2016)	DEF 14A	B	4/29/2016
10.11	Credit Agreement, dated April 29, 2015, by and among StarTek, Inc. and BMO Harris Bank, N.A.	10-Q	10.1	8/10/2015
10.12†	2015 Executive Incentive Plan	10-Q	10.2	5/11/2015
10.13†	Form of Executive Employment Agreement for certain executive officers	10-Q	10.3	5/11/2015
10.14	First Amendment to Credit Agreement by and among StarTek, Inc. and BMO Harris Bank, N.A.	10-Q	10.2	8/10/2015
10.15	Second Amendment to Credit Agreement by and among StarTek, Inc. and BMO Harris Bank, N.A.	10-Q	10.1	11/9/2015
10.16†	Form of Amendment to Employment Agreement for executive officers	10-K	10.27	3/14/2016
10.17	Third Amendment to Credit Agreement by and among StarTek, Inc. and BMO Harris Bank, N.A.	8-K	10.1	1/26/2016
10.18	Fourth amendment to the Credit Agreement by and among Startek, Inc. and BMO Harris Bank, N.A	10-Q	10.1	4/3/2017
10.19	Securities Purchase Agreement, dated as of December 13, 2018, by and between StarTek, Inc. and CSP Alpha Holdings Parent Pte Ltd	8-K	10.1	12/14/18
10.20†	Letter Agreement, dated July 19, 2018, by and between Lance Rosenzweig and CSP Alpha Midco Pte Ltd	8-K	10.2	7/20/2018
10.21†	Letter Agreement, dated July 1, 2018, by and between Ramesh Kamath and Aegis Customer Support Services Private Limited	10-Q	10.3	11/9/2018
10.22	Facilities Agreement, dated October 27, 2017, between, among others, CSP Alpha Holdings Pte Ltd., as Original Borrower, and DBS Bank Ltd., ING Bank N.V., Singapore Branch and Standard Chartered Bank, as Mandated Lead Arrangers and Bookrunners	10-Q	10.4	11/9/2018
10.23	Syndication Agreement, dated July 24, 2018, between, among others, CSP Alpha Holdings Pte Ltd., and DBS Bank Ltd., ING Bank N.V., Singapore Branch and Standard Chartered Bank as Mandated Lead Arrangers and Bookrunners	10-Q	10.5	11/9/2018
10.24	Fifth Amendment to Credit Agreement by and between StarTek, Inc. and BMO Harris Bank, N.A.	10-Q	10.6	11/9/2018
10.25	Management Services Agreement, dated March 1, 2018, by and between CSP Alpha Holdings Parent Pte Ltd and CSP Alpha Midco Pte Ltd	10-Q	10.7	11/9/2018
10.26	Transaction Agreement dated as of January 23, 2018 by and between StarTek, Inc. and Amazon.com, Inc.	10-Q	10.1	5/8/2018
10.27	First Amendment to the Amended and Restated StarTek, Inc. 2008 Equity Incentive Plan	DEF 14A	A	3/29/2018
10.28	First Amendment to the Amended and Restated StarTek, Inc. Employee Stock Purchase Plan	DEF 14A	B	3/29/2019
10.29	Form of Stock Purchase Agreement by and between StarTek, Inc. and the Purchasers (as defined therein), dated as of May 17, 2019	8-K	10.1	5/20/2019

10.30	Form of Registration Rights Agreement by and between StarTek, Inc. and the Purchasers (as defined therein), dated as of May 17, 2019	8-K	10.2	5/20/2019
10.31†	Letter Agreement with Rajiv Ahuja dated July 13, 2019	8-K	10.1	7/23/2019
10.32	Receivables Purchase Agreement between StarTek, Inc. and ING Belgium NV/SA dated December 11, 2019	8-K	1.01	12/13/2019
10.33†	Separation Agreement between StarTek, Inc. and Lance Rosenzweig, dated January 13, 2020	8-K	99.1	01/16/2020
10.34†	Separation Agreement between StarTek, Inc. and Wayne White, dated February 4, 2020	8-K	99.1	02/10/2020
21.1*	Subsidiaries of the Registrant			
23.1*	Consent of BDO India LLP, Independent Registered Public Accounting Firm			
31.1*	Certification of Aparup Sengupta pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Ramesh Kamath pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1*	Written Statement of the Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			

101*	The following materials are formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Statements of Operations and Comprehensive Income (Loss) for year ended December 31, 2019, (ii) Consolidated Balance Sheets as of December 31, 2019 and 2018, (iii) Consolidated Statements of Cash Flows for the year ended December 31, 2019, , (iv) Consolidated Statements of Stockholders' Equity for the year ended December 31, 2019, and (v) Notes to Consolidated Financial Statements.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed with this Form 10-K.
† Management contract or compensatory plan or arrangement
& Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

STARTEK, INC.

By: /s/ APARUP SENGUPTA Date: March 12, 2020
Aparup Sengupta
Global Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ APARUP SENGUPTA Aparup Sengupta	Chairman of the Board and President and Chief Executive Officer (principal executive officer)	Date: March 12 2020
/s/ RAMESH KAMATH Ramesh Kamath	Chief Financial Officer (principal financial and accounting officer)	Date: March 12, 2020
/s/ SANJAY CHAKRABARTY	Director	Date: March 12, 2020

Sanjay Chakrabarthy

/s/ ALBERT ABOODY Albert Aboody	Director	Date: March 12, 2020
/s/ BHARAT RAO Bharat Rao	Director	Date: March 12, 2020
/s/ JULIE SCHOENFELD Julie Schoenfield	Director	Date: March 12, 2020
/s/ MUKESH SHARDA Mukesh Sharda	Director	Date: March 12, 2020
/s/ JERRY SCHAFER Jerry Schafer	Director	Date: March 12, 2020

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARIES	JURISDICTION OF INCORPORATION	SUBSIDIARIES DOING BUSINESS AS
StarTek USA, Inc.	Colorado	StarTek USA StarTek StarTek Services
StarTek Canada Services, Ltd.	Nova Scotia, Canada	StarTek Canada Services StarTek StarTek Services
StarTek International, Limited	Bermuda	StarTek International
StarTek Honduras, SAdeCV	Honduras	StarTek Honduras
StarTek Health Services, Inc.	Colorado	StarTek Health
StarTek Philippines, Inc.	Philippines	StarTek Philippines
Collection Center, Inc.	North Dakota	CCI
Accent Marketing Services, LLC	Delaware	Accent Accent Marketing
Accent St. Lucia Corp.	St. Lucia	Accent St. Lucia
Accent Marketing Jamaica Limited	Jamaica	Accent Jamaica
ESM Holdings Ltd.	Mauritius	
Aegis Customer Support Services Pvt. Ltd.	India	
Aegis Global Services FZ LLC	Dubai, UAE	
Aegis America Inc.	Delaware (Dissolved July 01, 2019)	
Aegis Europe Holdings Limited	UK (Dissolved Nov 27, 2018)	
Aegis Outsourcing UK Limited	UK	
Aegis Netherlands II BV	Netherlands	
Aegis Argentina S.A.	Argentina	
Aegis Peru S.A.C	Peru	
Main Street 741 Pty Ltd.	South Africa	
Aegis Outsourcing South Africa (Pty) Ltd.	South Africa	
Aegis Services Lanka Private Limited	Sri Lanka	
Thetha Investments Proprietary Limited	South Africa	
Thetha Establishments Proprietary Limited	South Africa	
Contact Center Company	Saudi Arabia	
Aegis BPO Malaysia Sdn Bhd	Malaysia	
Aegis Holidays Malaysia Sdn Bhd	Malaysia	
Aegis BPO Services Australia Holdings Pty Ltd.	Australia	
CSP Alpha Holdings Pte Ltd.	Singapore	
CSP Alpha Midco Pte Ltd.	Singapore	

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S3 (No. 333-232659 and 333-232104) and Form S8 (File Nos. 333-213041, 333-213040, 333-213039, 333-150634, 333-150635, 333-168463, 333-183226, and 333-195801) of Startek, Inc. of our reports dated March 12, 2020 relating to the consolidated financial statements and the effectiveness of Startek, Inc.'s internal control over financial reporting, which appear in this Form 10-K.

/s/ BDO India LLP
Mumbai, India
March 12, 2020

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Aparup Sengupta, certify that:

1. I have reviewed this annual report on Form 10-K of StarTek, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 12, 2020

/s/ APARUP SENGUPTA
Aparup Sengupta
President and Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Ramesh Kamath, certify that:

1. I have reviewed this annual report on Form 10-K of StarTek, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2020

/s/ RAMESH KAMATH
Ramesh Kamath
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS

In connection with the Annual Report of StarTek, Inc. on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned individuals, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Registrant.

Date: March 12, 2020	/s/ APARUP SENGUPTA Aparup Sengupta President and Chief Executive Officer
Date: March 12, 2020	/s/ RAMESH KAMATH Ramesh Kamath Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.