UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020
or

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

For the transition period from to

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, $0.01 par value	**SRT**	**New York Stock Exchange, Inc.**

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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 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 ☒

As of June 1, 2020, there were 38,591,021 shares of Common Stock outstanding.

STARTEK, INC. AND SUBSIDIARIES

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Explanatory Para for Delay in filing of 10Q

As previously disclosed in the Company’s Current Report on Form 8-K filed with the SEC on May 5, 2020, in accordance with the SEC’s March 4, 2020 Order under Section 36 (Release No. 34-88318) of the Securities Exchange Act of 1934 (“Exchange Act”) granting exemptions from specified provisions of the Exchange Act and certain rules thereunder, as superseded by a subsequent order (Release No. 34-88465) issued on March 25, 2020 (collectively, the “Order”), the Company relied on the relief provided by the Order to briefly delay the filing of its Form 10-Q due to circumstances related to the coronavirus (COVID-19). Specifically, the Company disclosed that the Company’s operations had experienced disruptions due to the circumstances surrounding the COVID-19 pandemic including, but not limited to, suggested and mandated social distancing and stay home orders. These mandates and the resulting office closures had limited access to the Company’s facilities by the Company’s financial reporting and accounting staff as well as other advisors involved in the preparation of the Form 10-Q and impacted the Company’s ability to fulfill required preparation and review processes and procedures with respect to the Form 10-Q. The Company disclosed it expected to file the Form 10-Q by June 25, 2020, within 45 days after the original filing deadline of the Form 10-Q.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q may contain 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, which speak only as of the date thereof. 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 described herein or set forth in the Form 10-K for the fiscal year ended December 31, 2019 filed with the Securities and Exchange Commission ("SEC") on March 12, 2020 and this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. Unless otherwise noted in this report, any description of "us," "we," or "our," refers to StarTek, Inc. ("Startek") and its subsidiaries.

CHANGE IN FILING STATUS

In accordance with the SEC's expanded definition of Smaller Reporting Companies effective September 10, 2018, Startek now qualifies for Smaller Reporting Company status. As such, it has decided to take advantage of the relief provided from Part 1, Item 3.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STARTEK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Revenue	161,177	161,142
Warrant contra revenue	(278)	-
Net Revenue	**160,899**	**161,142**
Cost of services	(140,841)	(133,928)
Gross profit	**20,058**	**27,214**
Selling, general and administrative expenses	(17,255)	(24,079)
Impairment losses and restructuring/exit cost	(24,322)	(1,129)
Acquisition related cost	-	35
Operating (Loss) / Income	**(21,519)**	**2,042**
Share of (loss) / profit of equity accounted investees	(8)	342
Interest expense, net	(3,506)	(4,465)
Exchange gain / (loss), net	1,928	(691)
Loss before income taxes	**(23,105)**	**(2,772)**
Income tax expense	2,876	385
Net loss	**(25,981)**	**(3,157)**
Net income attributable to non-controlling interests	576	189
Net loss attributable to Startek shareholders	(26,557)	(3,346)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(4,392)	567
Change in fair value of derivative instruments	(672)	(65)
Pension amortization	396	176
Comprehensive loss	**(30,649)**	**(2,479)**
Comprehensive income attributable to non-controlling interests	739	276
Comprehensive loss attributable to Startek shareholders	(31,388)	(2,755)
Net loss per common share - basic and diluted	(0.69)	(0.09)
Weighted average common shares outstanding - basic and diluted	38,528	37,522

See Notes to Consolidated Financial Statements.

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STARTEK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands, except share data)
(Unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets:		

Cash and cash equivalents	27,795	20,464
Restricted cash	11,862	12,162
Trade accounts receivable, net	100,152	108,479
Unbilled Revenue	40,586	41,449
Prepaid and other current assets	19,516	12,008
Total current assets	**199,911**	**194,562**
Property, plant and equipment, net	34,133	37,507
Operating lease Right-of-use assets	79,370	73,692
Intangible assets, net	108,225	110,807
Goodwill	196,633	219,341
Investment in associates	477	553
Deferred tax assets, net	3,009	5,251
Prepaid expenses and other non-current assets	15,568	16,370
Total assets	**637,326**	**658,083**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	20,004	25,449
Accrued expenses and other current liabilities	89,600	82,598
Short term debt	32,387	26,491
Current maturity of long term debt	18,666	17,601
Current maturity of operating lease liabilities	20,761	19,677
Current maturity of finance lease obligations	750	632
Total current liabilities	**182,168**	**172,448**
Long term debt	123,387	130,144
Operating lease liabilities	59,404	54,341
Other non-current liabilities	12,881	11,140
Deferred tax liabilities, net	17,739	18,226
Total liabilities	**395,579**	**386,299**
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, 60,000,000 non-convertible shares, $0.01 par value, authorized; 38,541,724 and 38,525,636 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	385	385
Additional paid-in capital	277,852	276,827
Accumulated other comprehensive loss	(10,853)	(6,022)
Accumulated deficit	(73,115)	(46,145)
Equity attributable to Startek shareholders	**194,269**	**225,045**
Non-controlling interest	47,478	46,739
Total stockholders' equity	**241,747**	**271,784**
Total liabilities and stockholders' equity	**637,326**	**658,083**

See Notes to Consolidated Financial Statements.

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STARTEK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating Activities		
Net loss	$ (25,981)	$ (3,157)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,093	7,304
Impairment of goodwill	22,708	-
Profit on sale of property, plant and equipment	-	(251)
Provision for doubtful accounts	154	630
Warrant contra revenue	278	-
Share-based compensation expense	291	425
Deferred income taxes	1,879	(659)
Share of (loss) / Profit of equity accounted investee	8	(342)
Changes in operating assets and liabilities:		
Trade accounts receivable	4,503	4,384
Prepaid expenses and other assets	(7,658)	(8,789)
Trade accounts payable	(4,722)	(79)
Income taxes, net	(672)	(948)
Accrued expenses and other current liabilities	12,287	1,105
Net cash (used in) / generated from operating activities	**$ 10,168**	**$ (377)**
Investing Activities		
Purchases of property, plant and equipment	(2,884)	(3,495)

Net cash used in generated investing activities	**$ (2,884)**	**$ (3,495)**
Financing Activities		
Proceeds from the issuance of common stock	43	515
Payments on long term debt	(4,200)	(1,400)
Proceeds from (payments on) other debt, net	4,956	6,102
Net cash generated generated from financing activities	**$ 799**	**$ 5,217**
Net increase in cash and cash equivalents	**8,083**	**1,345**
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(1,052)	(226)
Cash and cash equivalents and restricted cash at beginning of period	32,626	24,569
Cash and cash equivalents and restricted cash at end of period	**$ 39,657**	**$ 25,688**
Components of cash and cash equivalents and restricted cash		
Balances with banks	27,795	14,595
Restricted cash	11,862	11,093
Total cash and cash equivalents and restricted cash	**$ 39,657**	**$ 25,688**

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional paid-in	Accumulated	Foreign currency	Change in fair value of derivative	Unrecognised	Equity attributable to Startek	Non-controlling	Total stockholders'
	Shares	**Amount**	**capital**	**deficit**	**translation**	**instruments**	**pension cost**	**shareholders**	**interest**	**equity**
Three months ended										
Balance at December 31, 2019	**38,525,636**	**$ 385**	**$ 276,827**	**$ (46,145)**	**$ (4,568)**	**$ 475**	**$ (1,929)**	**$ 225,045**	**$ 46,739**	**$ 271,784**
Transition period adjustment pursuant to ASU 2019-08	-	-	413	(413)	-	-	-	-	-	-
Issuance of common stock	16,088	-	43	-	-	-	-	43	-	43
Share-based compensation expenses	-	-	291	-	-	-	-	291	-	291
Warrant expenses	-	-	278	-	-	-	-	278	-	278
Net income (loss)	-	-	-	(26,557)	-	-	-	(26,557)	576	(25,981)
Other comprehensive loss for the period	-	-	-	-	(4,392)	(672)	233	(4,831)	163	(4,668)
Balance at March 31, 2020	**38,541,724**	**$ 385**	**$ 277,852**	**$ (73,115)**	**$ (8,960)**	**$ (197)**	**$ (1,696)**	**$ 194,269**	**$ 47,478**	**$ 241,747**
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	115,421	1	514	-	-	-	-	515	-	515
Share-based compensation expenses	-	-	425	-	-	-	-	425	-	425
Warrant expenses	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	(3,346)	-	-	-	(3,346)	189	(3,157)
Other comprehensive	-	-	-	-	567	(65)	90	592	86	678

loss for the period										
Balance at March 31, 2019	**37,561,744**	$ **375**	$ **268,256**	$ **(34,473)**	$ **(3,422)**	$ **(80)**	$ **(1,453)**	$ **229,203**	$ **45,631**	$ **274,834**

STARTEK, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020
(In thousands, except share and per share data)
(Unaudited)

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, 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 United States, India, Malaysia, Philippines, Australia, South Africa, Canada, Honduras, Jamaica, Kingdom of Saudi Arabia, Argentina, Peru and Sri Lanka.

Basis of preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US-GAAP") for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by US-GAAP for complete financial statements.

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 results of operations for interim periods are not necessarily indicative of full year results.

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, 2019, included herein was derived from the audited financial statements as of that date, but does not include all disclosures including notes required by US-GAAP. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of condensed 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, valuation allowances for deferred tax assets and restructuring costs. Management believes that the estimates used in the preparation of the condensed consolidated financial statements are reasonable, and management has made assumptions about the possible effects of the novel coronavirus (“COVID-19”) pandemic on critical and significant accounting estimates. 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 condensed 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 4 on "Revenue from Contracts with Customers" for further information.

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 plant and equipment, long-term debt, accrued expenses and other current 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 among 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

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

For the quarter ended March 31, 2020, the COVID-19 pandemic has not triggered changes to the terms of any of the Company’s leases. While the Company does not currently expect any large-scale contraction in demand which could result in a reduction in the use of its physical infrastructure, changes in the Company’s business or client demand as a result of the COVID-19 pandemic could alter the Company’s plans for or use of its physical infrastructure in the long term.

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.

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 quantitative 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 3 for information and related disclosures.

Intangible assets acquired in a business combination were recorded at fair value at acquisition date using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over the estimated useful lives and are reviewed for impairment at least annually, or more frequently if indicators of impairment arise.

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%. Considering the inflation data of Argentina, 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.

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 10, “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 10, "Share-Based Compensation."

Recent Accounting Pronouncements

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 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.

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. We do not expect the adoption of ASU 2016-13 will have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-03, "Codification Improvements to Financial Instruments." This ASU represents changes to clarify or improve the Codification. The amendments make the Codification easier to understand and apply by eliminating inconsistencies and providing clarifications in relation to financial instruments. This guidance was effective immediately upon issuance. The additional elements of the ASU did not have a material impact on the Company's consolidated results of operations, cash flows, financial position and or disclosures.

In March 2020, the FASB issued ASU No. 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This ASU provides temporary optional expedients and exceptions to the guidance in US GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). Entities can elect not to apply certain modification accounting requirements to contracts affected by what the guidance calls reference rate reform, if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at the modification date or reassess a previous accounting determination. The guidance is effective upon issuance and generally can be applied through 31 December 2022. The Company is still in the process of assessing the impact of this ASU.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

As of March 31, 2020, the carrying value of goodwill relating to business acquisitions is $196,633. The carrying value of goodwill is allocated to reporting units is as follows:

Reporting Units	Amount
Americas	64,315
India	15,180
Malaysia	47,543
Saudi Arabia	54,840
South Africa	1,578
Argentina	4,991
Australia	8,186
Ending balance, March 31, 2020	**$196,633**

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.

During the first quarter of 2020, the Company reviewed the carrying value of goodwill due to the events and circumstances surrounding the COVID-19 pandemic. As a result of the recent global economic disruption and uncertainty due to the novel coronavirus ("COVID-19") pandemic, the Company concluded a triggering event had occurred as of March 31, 2020, and accordingly, performed interim impairment testing on the goodwill balances of its reporting units. As quoted market prices are not available for these reporting units, the calculations of their estimated fair values were based on a discounted cash flow model (income approach).

This approach relied on numerous assumptions and judgments that were subject to various risks and uncertainties. The Company has used internal and external information, including recently signed client engagements for which service delivery has not yet begun and projections adjusted to meet economic forecasts, for the purpose of computation and developing assumptions. It also includes the Company's estimates of future revenue and terminal growth rates, margin assumptions and discount rates to estimate future cash flows. The calculations explicitly addressed factors such as timing, with due consideration given to forecasting risk. While assumptions utilized are subject to a high degree of judgment and complexity, the Company has made every effort to estimate future cash flows as accurately as possible, given the high degree of economic uncertainty that exists as of March 31, 2020.

The results of these interim impairment tests indicated that the estimated fair value of the India, South Africa and Australia reporting unit was less than its carrying value. Consequently, a goodwill impairment charge of $15,820, $4,332 and $2,556 was recorded for the India, South Africa and Australia reporting unit respectively. If the pandemic's economic impact is more severe, or if the economic recovery takes longer to materialize or does not materialize as strongly as anticipated, this could result in further goodwill impairment charges.

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

		Amount
Opening balance, December 31, 2019	$	219,341
Impairment		(22,708)
Ending balance, March 31, 2020	$	**196,633**

Intangible Assets

The following table presents our intangible assets as of March 31, 2020

		Gross Intangibles		Accumulated Amortization		Net Intangibles		Weighted Average Amortization Period (years)
Customer relationships	$	66,220	$	12,078	$	54,142		6.5
Brand		49,500		8,647		40,853		7.1
Trademarks		13,210		1,495		11,715		7.5
Other intangibles		2,130		615		1,515		4.9
	$	131,060	$	22,835	$	108,225	$	-

As a result of the indicator of impairment identified, the Company performed an interim impairment assessment of its intangible assets as of March 31, 2020. Based on the results of our analyses, the estimated fair values of the trade names exceeded the carrying values.

Expected future amortization of intangible assets as of March 31, 2020 is as follows:

Years Ending December 31,		Amount
Remainder of 2020	$	7,762

2021	10,350
2022	10,350
2023	10,306
2024	10,252
Thereafter	59,205

4. 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. This is consistent with our prior revenue recognition model.

We are generally 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 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.

The Company has evaluated the impact of COVID-19 on the Company's net revenues for the three months ended March 31, 2020, including as a result of constraints on the Company's ability to render services, whether due to full or partial shutdowns of the Company's facilities or significant travel restrictions, penalties relating to breaches of service level agreements and contract terminations or contract performance delays initiated by clients. Based on this evaluation, the Company has concluded that, during the three months ended March 31, 2020, the impact of COVID-19 was not material to the Company's net revenues. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated Revenue

Revenues by our clients' industry vertical for the three months ended March 31, 2020 and 2019, respectively:

	Three Months Ended March 31,	
Vertical:	**2020**	**2019**
Telecom	55,697	65,824
E-commerce & Consumer	25,958	24,344
Financial & Business Services	13,439	13,320
Media & Cable	23,194	21,757
Travel & Hospitality	15,803	16,514
Healthcare & Education	13,448	10,529
Technology, IT & Related Services	5,050	2,437
All other segments	8,588	6,417
Gross Revenue	**161,177**	**161,142**
Less: Warrant Contra Revenue	(278)	-
Net Revenue	$ **160,899**	$ **161,142**

5. 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.

The Company always maintained Startek's 2008 Equity Incentive Plan (see Note 10, "Share-based compensation and employee benefit plans" for more information). For the three months ended March 31, 2020, 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):

	Three Months Ended March 31,	
	2020	**2019**
Anti-dilutive securities:		
Stock options	2,316	2,782

6. IMPAIRMENT LOSSES & RESTRUCTURING/EXIT COST

Impairment Loss

During the first quarter of 2020, the Company reviewed the carrying value of goodwill due to the events and circumstances surrounding the COVID-19 pandemic. As a result of the recent global economic disruption and uncertainty due to the novel coronavirus ("COVID-19") pandemic, the Company concluded a triggering event had occurred as of March 31, 2020, and accordingly, performed interim impairment testing on the goodwill balances of its reporting units.

During first Quarter of 2020, a goodwill impairment charge of $15,820, $4,332 and $2,556 was recorded for the India, South Africa and Australia reporting unit respectively.

Restructuring/Exit Cost

The table below summarizes the balance of accrued restructuring, other acquisition related cost and involuntary termination cost, which is included in other accrued liabilities in our consolidated balance sheets, and the changes during the three months ended March 31, 2020:

	Employee related	Facilities related	Total
Balance as of December 31, 2019	$ 1,326	$ 514	$ 1,840
Accruals/(reversals)	1,583	31	1,614
Payments	(1,168)	(178)	(1,346)
Balance as of March 31, 2020	**$ 1,741**	**$ 367**	**$ 2,108**

Employee related

In 2020, under a company-wide restructuring plan, we eliminated a number of positions which were considered redundant coupled with change in key management personnel , We recognized provision for employee related costs across a number of geographies and we expect to pay the remaining costs of $1,721 by the end of third 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 $20 by the end of second quarter 2020.

Facilities related

In 2018, we terminated various leases in the United States and the Philippines due to closedown of the facilities. We recognized provision for the remaining costs associated with the leases. We expect to pay the remaining costs of $359 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 $8 by the end of the second quarter of 2020.

7. DERIVATIVE INSTRUMENTS

Cash flow hedges

Our locations in Canada and the Philippines primarily serve US-based clients. The revenues from these clients is billed and collected in US Dollars, but the expenses related to these revenues are paid in Canadian Dollars and Philippine Pesos. We enter into derivative contracts, in the form of forward contracts and range forward contracts (a transaction where both a call option is purchased and a put option is sold) to mitigate this foreign currency exchange risk. The contracts cover periods commensurate with expected exposure, generally three to twelve months. We have elected to designate our derivatives as cash flow hedges in order to associate the results of the hedges with forecasted expenses.

From January 1, 2020 to March 31, 2020, we entered into Philippine peso and Canadian-dollar non-deliverable forward and range forward contracts for a notional amount of 1,387,999,998 Philippine pesos and 3,028,575 in Canadian Dollars.

The following table shows the notional amount of our foreign exchange cash flow hedging instruments as of March 31, 2020:

	For the Three Months Ended March 31, 2020 Local Currency Notional Amount	For the Three Months Ended March 31, 2020 U.S. Dollar Notional Amount	Year Ended December 31,2019 Local Currency Notional Amount	Year Ended December 31,2019 U.S. Dollar Notional Amount
Philippine Peso	1,597,000	30,650	769,000	14,361
Canadian Dollar	3,300	2,437	1,400	1,047
		$ 33,087		$ 15,408

The Canadian dollar and Philippine peso foreign exchange contracts are to be delivered periodically through March 2021 at a purchase price of approximately $2,437 and $30,650 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 8, "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.

	Gain (Loss) Recognized in AOCI, net of tax	Gain (Loss) Recognized in AOCI, net of tax	Gain/ (Loss) Reclassified from AOCI into Income	Gain/ (Loss) Reclassified from AOCI into Income
	Three months ended March 31, 2020	Three months ended March 31, 2019	Three months ended March 31, 2020	Three months ended March 31, 2019
Cash flow hedges:				
Foreign exchange contracts	(860)	65	188	-

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 the three months ended March 31, 2020 and 2019:

Derivatives not designated under ASC 815	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
Foreign currency forward contracts	$ 1,771	$ 26
Interest rate swap	$ (340)	$ 228

8. 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 March 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Foreign exchange contracts	$ —	$ 3,458	$ —	$ 3,458
Total fair value of assets measured on a recurring basis	$ —	$ 3,458	$ —	$ 3,458
Liabilities:				
Interest rate swap	$ —	$ 758	$ —	$ 758
Foreign exchange contracts	$ —	$ 557	$ —	$ 557
Total fair value of liabilities measured on a recurring basis	$ —	$ 1,315	$ —	$ 1,315

	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

9. DEBT

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

	March 31, 2020	December 31, 2019
Short term debt and current portion of long term debt		
Working capital facilities	$ 29,004	$ 23,179
Loan from related parties	3,383	$ 3,312
Current maturity of long term debt	17,850	16,800
Equipment loan	816	801
Current maturity of finance lease obligations	750	632
Total	**$ 51,803**	**$ 44,724**
Long term debt		
Term loan, net of debt issuance costs	$ 100,204	$ 105,075
Equipment loan	409	619
Secured revolving credit facility	21,935	23,097
Finance lease obligations	839	1,353
Total	**$ 123,387**	**$ 130,144**

Working capital facilities

The Company has a number of working capital facilities in various countries in which it operates. These facilities provide for a combined borrowing capacity of approximately $30 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 $29 million as of March 31, 2020.

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. As of March 31, 2020, total outstanding interest balance is $0.08 million. All principal and interest on the loan was paid on April 21, 2020.

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. As of March 31, 2020, total outstanding interest balance is $0.05 million. All principal and interest on the loan was paid on April 22, 2020.

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**
Remainder of 2020	12,600
2021	21,000
2022	88,200
Total	$ 121,800

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 March 31, 2020 amount to $3.7 million.

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 March 31, 2020, we had $21.93 million of outstanding borrowings and our remaining borrowing capacity was $13.40 million. Our borrowings bear interest at one-month LIBOR plus 1.50% to 1.75%, depending on current availability.

Non-recourse factoring

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 $12.8 million for three months ended March 31, 2020.

BMO Equipment Loan

On December 27, 2018, the Company executed an agreement to secure a loan against US and Canadian assets in the amount of $2.06 million at the interest of 7.57% per annum, to be repaid over 2.5 years. The loan was funded in January 2019.

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.

10. 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 in 2019, 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 in 2019. 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 third tranche of 212,953 Warrant Shares vested on Feb 29, 2020. The amount of contra revenue attributed to these Warrant Shares is $278 after adjusting the impact of $413 towards adoption of ASU 2019-08 on January 01, 2020 and $565 towards accrual till December 31, 2019, respectively using initial grant-date fair value.

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.

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.

In line with ASU 2019-08, the Company has measured share-based payments at grant-date fair value, which will be the basis for the amount to be reduction in revenue. The Company has given the transitional impact of $413 in Equity in respect of awards wherein measurement date was not established or were not settled as of the beginning of financial year in which ASU is adopted (i.e. Jan 01, 2020).

Share-based compensation

Our share-based compensation arrangements include grants of stock options, restricted stock units and deferred stock units under the StarTek, Inc. 2008 Equity Incentive Plan and our Employee Stock Purchase Plan. The compensation expense that has been charged against income for the three months ended March 31, 2020 was $291, and is included in selling, general and administrative expense. As of March 31, 2020, there was no unrecognized compensation expense related to non-vested stock options.

11. 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 December 31, 2019	**$ (4,568)**	**$ 475**	**$ (1,929)**	**$(6,022)**	**$ (1,597)**	**$ (7,619)**
Foreign currency translation	(4,392)	-	-	(4,392)	-	(4,392)
Reclassification to operations	-	188	-	188	-	188
Unrealized losses	-	(860)	-	(860)	-	(860)
Pension remeasurement	-	-	233	233	163	396
Balance at March 31, 2020	**$ (8,960)**	**$ (197)**	**$ (1,696)**	**$(10,853)**	**$ (1,434)**	**$ (12,287)**

12. 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) and President, who have been identified as the Chief Operating Decision Maker ("CODM"), reviews financial information mainly on a geographical basis.

In the fourth quarter of 2019, we reorganized our operating business model. Our new operating business model is focused 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 report our results of operations as follows in Six reportable segments:-
a) Americas
b) Middle East
c) Malaysia
d) India and Sri Lanka
e) Argentina & Peru
f) Rest of World

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenue:		
Americas	68,168	63,603
India & Sri Lanka	24,252	28,209
Malaysia	11,885	12,448
Middle East	34,517	31,118
Argentina & Peru	10,208	12,584
Rest of World	11,869	13,180
Total	$ **160,899**	$ **161,142**
Operating income (loss):		
Americas	$ 926	$ 865
India & Sri Lanka	(695)	1,130
Malaysia	1,635	1,444
Middle East	1,617	1,257
Argentina & Peru	16	(439)
Rest of World	272	413
Segment operating income	**3,771**	**4,670**
Startek consolidation adjustments		
Goodwill impairment	22,708	-
Intangible amortization	2,582	2,628
Total operating income	$ **(21,519)**	$ **2,042**

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

	As on March 31, 2020	As on December 31, 2019
Property, plant and equipment, net:		
Americas	13,282	14,156
India & Sri Lanka	9,689	10,772
Malaysia	4,018	4,375
Middle East	4,405	4,722
Argentina & Peru	1,653	1,701
Rest of World	1,086	1,781
Total	$ **34,133**	$ **37,507**

13. 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:

	Three months ended March 31, 2020	Three months ended March 31, 2019

Operating lease cost	$ 7,259	$ 7,540
Finance lease cost:		
Amortization of right-of-use assets	327	484
Interest on lease liabilities	43	28
Total finance lease cost	**370**	**512**

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Supplemental cash flow information related to leases was as follows:

	Three Months Ended March 31, 2020	Three months ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	7,183	7,563
Operating cash flow from finance leases	43	28
Financing cash flows from finance leases	116	653
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	13,558	76,983
Finance lease	-	-

Supplemental balance sheet information related to leases was as follows:

	As of March 31, 2020	As of March 31, 2019
Operating Leases		
Operating lease right-of-use assets	$ 79,370	$ 73,692
Operating Lease Liabilities-Current	20,761	19,677
Operating Lease Liabilities-Non-Current	59,404	54,341
Total operating lease liabilities	$ **80,165**	$ **74,018**
Finance Leases		
Property and equipment, at cost	5,166	4,391
Accumulated depreciation	(3,088)	(1,984)
Property and equipment, at net	$ **2,078**	$ **2,407**
Finance Lease Obligation-Current	750	632
Finance Lease Obligation-Non Current	839	1,353
Total finance lease liabilities	$ **1,589**	$ **1,985**

	As of March 31, 2020	As of March 31, 2019
Weighted average remaining lease term		
Operating leases	4.58 yrs	4.66 yrs
Finance leases	1.67 yrs	1.92 yrs
Weighted average discount rate		
Operating leases	6.84%	7.27%
Finance leases	6.01%	6.01%

Maturities of lease liabilities were as follows:

	Operating leases	Finance leases
Year ending December, 31		
Remaining of 2020	$ 25,312	$ 706
2021	15,978	575
2022	14,590	442
2023	11,740	-
2024	10,190	-
Thereafter	6,886	-
Total lease payments	$ **84,696**	$ **1,723**
Less imputed interest	(4,531)	(134)
Total	$ **80,165**	$ **1,589**

14. SUBSEQUENT EVENT

COVID-19

There are many uncertainties regarding COVID-19, and the Company is closely monitoring the effects of the pandemic on all aspects of its business, including how it will impact the Company, its customers, employees, contractors, suppliers, business partners and delivery models. The Company is unable to determine with any degree of accuracy the length and severity of the COVID-19 crisis and what impact it will have on its future financial position and operating results. The COVID-19 crisis is ongoing and dynamic in nature and, to date, the Company has experienced temporary closures in key operations centers, including in the U.S., India, Philippines, Malaysia, Saudi Arabia and South Africa. However, the Company expects that COVID-19 will negatively impact its operating results in future periods. Because the duration and extent of the COVID-19 pandemic is highly uncertain, the Company will continue to assess the evolving impact of COVID-19 on its business.

Term Loan

Given the current COVID-19 situation, the Company had initiated discussions with the lender consortium seeking certain waivers from the quarterly covenant testing and a deferment of the principal repayments on the Senior Term Loan. While the Company has initiated the process of amending the Facility Agreement, it has received an in principle approval from the lender consortium with respect to such waivers subject to certain conditions.

ITEM 2. 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 our unaudited condensed consolidated financial statements and related notes that appear elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2019 and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2019. All dollar amounts are presented in thousands other than per share data.

BUSINESS DESCRIPTION AND 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 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, and engagement solutions, 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

Change in Chief Executive Officer

On January 12, 2020, the Board of Directors appointed Aparup Sengupta to serve as the new Chief Executive Officer of the Company effective as of January 15, 2020. Mr. Sengupta succeeds Lance Rosenzweig, who resigned as the Chief Executive Officer and as a member of the Board of Directors of the Company, effective as January 15, 2020.

Coronavirus

On March 11, 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") a pandemic. The global nature, rapid spread and continually evolving response by governments throughout the world to combat the spread has had a negative impact on the global economy. Certain of our customer engagement centers have been impacted by local government actions restricting facility access or are operating at lower capacity utilization levels. In response to COVID-19, we have prioritized the safety and well-being of our employees, business continuity for our clients and supporting the efforts of governments around the world to contain the spread of the virus. In light of our commitment to help our clients as they navigate unprecedented business challenges while protecting the safety of our employees, we have taken numerous steps, and will continue to take further actions, to address the COVID-19 pandemic. We worked closely with our clients to support them as they implemented their contingency plans, helping them access our services and solutions remotely. In discussion with our clients and after obtaining appropriate clearances, we have gradually shifted many of our employees to a work-at-home model. However, in respect certain client projects work-from-home scenario may not be possible due to regulatory or other compliance requirements. Further, due to infrastructure and technology limitations, certain of our operations may not be operating at optimal levels.

At this time, we are unable to accurately predict what effects these conditions will have on our operations, including due to uncertainties relating to spread of the virus for a prolonged period, the duration of the pandemic, the severity with which it will affect operations of our customers and customer demand and the length of the lockdowns and restrictions imposed by various governments or the evolution in the labor rules regarding continuation of pay that will apply across various governments. We continue to actively monitor the impacts of and responses to COVID-19 and the related risks, and plan to respond accordingly. The pandemic continues to rapidly evolve, and its ultimate impacts will depend on future developments that are uncertain and cannot be predicted with confidence and may materially adversely affect our business irrespective of our efforts to mitigate the impact.

Considering the uncertainties, the current results and financial condition discussed herein may not be indicative of future operating results and trends.

RESULTS OF OPERATIONS — THREE MONTHS ENDED MARCH 31, 2020 AND 2019

Revenue

Our gross revenues for the three month period ended March 31, 2020 increased by 0.02% to $161,177 as compared to $161,142 for the three-month period ended March 31, 2019.

Our net revenue for the quarter ended March 31, 2020 and 2019:

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
Revenues	$ 161,177	$ 161,142
Warrant Contra Revenue	(278)	-
Net Revenue	**160,899**	**161,142**

Our net revenues adjusted for warrant contra revenue for the three months ended March 31, 2020 was lower at $160,899 compared to $161,142 for the three months ended March 31, 2019. The breakdown of our net revenues from various industry verticals for three months ended March 31, 2020 and March 31, 2019 is as follows:

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
Verticals:		
Telecom	35%	41%
E-commerce & Consumer	16%	15%
Financial & Business Services	8%	8%
Media & Cable	15%	13%
Travel & Hospitality	10%	10%
Healthcare & Education	8%	7%
Technology, IT & Related Services	3%	2%
Others	5%	4%

Our concentration to telecom vertical eased considerably in the past twelve months with the telecom vertical contributing to around 35% of our revenue for the three months ended March 31, 2020 as compared to 41% for the comparable three months ended March 31, 2019. Our strategy in telecom vertical is to increase offshore operations while we continue to change our mix towards more value-added service and in the premium segment of the market relative to the mass segment.

The Company has successfully offset the decline in revenues from telecom vertical with increased revenues from all other verticals particularly in the Healthcare & Education and e-commerce and consumer. We have increased business with both existing clients as well as won new clients in these verticals.

Cost of services

Overall, Cost of services as a percentage of revenue increased to 87.5% for the three-month period ended March 31, 2020 as compared to 83.1% for the three-month period ended March 31, 2019. Employee benefit expense, rent costs and Depreciation and amortization are the most significant costs for the Company, representing 75.5%, 5.7% and 4.0% of total Cost of services, respectively. The breakdown of cost of services is listed in the table below:

	Three Months Ended March 31,		As % of Revenue	
	2020	2019	2020	2019
Employee Benefit Expenses	$ 106,389	$ 100,865	66.1%	62.6%
Rent expense	8,083	7,798	5.0%	4.8%
Depreciation and amortization	5,621	5,430	3.5%	3.4%
Other	20,748	19,835	12.9%	12.3%
Total	**$ 140,841**	**$ 133,928**		

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.

Employee Benefit expenses as a percentage of revenues increased to 66.1% for the current period as compared to 62.6% for the previous period. The increase in employee costs, as a percentage of revenues, was largely attributable to higher costs relative to revenues, resulting principally from the requirement by certain governments to continue paying employees while operations are suspended due to COVID-19 in the current period. We also had higher training cost in the current period which was associated with greater new business wins. On a year on year basis, the costs were also impacted negatively by increase in minimum wages, primarily in India.

Rent expense: Rent expense as a percentage of revenue increased to 5.0% for the current period as compared to 4.8% for previous. The increase was mainly due to addition of centers in Philippines, Jamaica and Honduras which was partly offset by closure of some centers in Argentina and India.

Depreciation and amortization: Depreciation and amortization expense as a percentage of revenue for the current period was marginally higher at 3.5% as compared 3.4% for the previous period.

Other expense includes technology, utility, travel and outsourcing costs. As a percentage of revenue, these costs increased from 12.3% to 12.9%. The increase was due to higher communication, insurance, and rates & taxes expenses.

As a result, gross profit as a percentage of revenue for the current period decreased to 12.5% as compared to 16.9% for the previous period.

Selling, general and administrative expenses

Selling, general and administrative expenses (SG&A) as a percentage of revenue decreased from 14.9% in the previous period to 10.7% in the current period. The Company has been implementing various measures to rationalize costs and leading to sequential decline in selling, general and administrative expenses.

Impairment Losses and Restructuring/Exit Cost, Net

Impairment losses and restructuring costs, net totaled $24,322 for the current period as compared to $1,129 for the previous period. The expense for the first quarter of 2020 primarily relates to goodwill impairment losses of $22,708 and restructuring expenses of $1,614. As a result of the recent global economic disruption and uncertainty due to the novel coronavirus ("COVID-19") pandemic the company has taken goodwill impairment charge of $15,820, $4,332 and $2,556, was recorded for India, South Africa and Australia reporting units respectively due to the business outlook.

Acquisition related cost

Acquisition related cost for the previous period consist of professional and advisory fees.

Interest expense, net

Interest expense, net totaled $3,506 for the current period as compared to $4,465 for the previous period. The interest expense is on our term debt and revolving line of credit facilities.

Income tax expense

Income tax expense for the current period was $2,876 compared to $385 for the previous period. The movement in interest cost and the implied effective tax rate was primarily due to shifts in earnings among the various jurisdictions in which we operate. Additionally, movement of funds between various geographies primarily to service our debt facilities also attract withholding taxes.

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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 in a timely manner.

Cash and cash equivalents and restricted cash

As of March 31, 2020, cash, cash equivalents and restricted cash held by the Company and all its foreign subsidiaries increased by $7,031 to $39,657 as compared to $32,626 on December 31, 2019. 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 of March 31, 2020 stood at $11,862 as compared to $12,162 as at December 31, 2019. 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 three months ended March 31, 2020, and March 31, 2019, we reported net cash flows generated from operating activities of $10,168 and $(377) respectively. The $10,545 increase in net cash flows from operating activities was due to a net increase of $8,065 in cash flows from assets and liabilities, a $25,304 increase in non-cash reconciling items such as goodwill impairment, deferred tax expense, depreciation and amortization and warrant contra revenue, and an decrease of $(22,824) in net income.

Cash flows used in investing activities

For the three months ended March 31, 2020, and March 31, 2019, we reported net cash used in investing activities of $2,884 and $3,495 respectively. Net cash used in investing activities for both the periods primarily consisted of capital expenditures.

Cash flows generated from financing activities

For the three months ended March 31, 2020 and March 31, 2019 we reported net cash flows generated from financing activities of $799 and $5,217 respectively. During the quarter ended March 31, 2020 our net borrowings increased by $756 across our various borrowing arrangements and we collected $43 from the issuance of common stock.

Debt

For more information, refer to Note 9, "Debt," and Note 14 "Subsequent events" to our unaudited condensed consolidated financial statements included in Item 1, "Financial Statements."

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CONTRACTUAL OBLIGATIONS

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

OFF-BALANCE SHEET ARRANGEMENTS

Apart from certain non-recourse receivables factoring as mentioned in the note 9 of the notes to the consolidated financial statements, we have no other material off-balance sheet transactions, unconditional purchase obligations or similar instruments, and we are not a guarantor of any other entities' debt or other financial obligations

.

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 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; (vii) Due to COVID- 19 pandemic.

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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2020, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). At 31 December 2019, the management identified a material weakness relating to certain information technology general control, that resulted in management's assessment of internal controls over financial reporting as "ineffective". In view of the existence of the said material weakness and based on the assessment at the quarter-end, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, our disclosure controls and procedures were ineffective.

To address the material weakness matter, management has already carried out remediation for access clean up during the quarter and has also designed the process for identifying and regular monitoring of direct database changes through logs, post the quarter-end.

Notwithstanding the material weakness matter, as mentioned above, the management, including Chief Executive Officer and Chief Financial Officer, have concluded that the consolidated financial statements for the quarter ended March 31, 2020 presented fairly, in all material respects, our financial position, results of operations and cash flows for the quarters presented in conformity with accounting principles generally accepted in the United States.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDING

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, except for the following

The recent Coronavirus or COVID-19 outbreak continues to expand and may adversely affect our financial condition and results of operations for 2020.

The recent government-imposed restrictions around the world have significantly impacted businesses and their workforces. Most of the geographies in which we operate have been affected by local lockdowns or restrictions on facilities access. Other geographies may be impacted as the coronavirus/COVID-19 spreads and/or existing restrictions may be extended/strengthened. At this point, it is impossible to predict the degree to which supply and demand for our outsourcing services will be affected, as well as the duration of such impact. This uncertainty makes it challenging for management to estimate the future performance of our businesses. However, the impact of COVID-19 will have an adverse impact on our results of operations over the near to medium term.

Given the overall uncertainty and fluidity of the current global pandemic response, coupled with how various government-imposed limitations may translate into client service delivery constraints, the Company may identify additional risk factors going forward which will be provided in the Quarterly Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

INDEX OF EXHIBITS

Exhibit No.		Incorporated Herein by Reference		
		Exhibit Description	**Exhibit**	**Filing Date**
10.1	Letter Agreement with Rajiv Ahuja dated March 25,2020	8-K	10.1	March 31,2020
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Chief Financial Officer 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 Extensible Business Reporting Language (iXBRL): (i) Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three Months Ended March 31, 2020 and 2019 (Unaudited), (ii) Consolidated Balance Sheets as of March 31, 2020 (Unaudited) and December 31, 2019, (iii) Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2020 and 2019 (Unaudited) and (iv) Notes to Consolidated Financial Statements (Unaudited)			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed with this Form 10-Q.

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SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

STARTEK, INC.

By: /s/ Aparup Sengupta Date: June 10, 2020
Aparup Sengupta
Global CEO
(principal executive officer)

By: /s/ Ramesh Kamath Date: June 10, 2020
Ramesh Kamath
Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Aparup Sengupta, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: June 10, 2020

/s/ Aparup Sengupta
Aparup Sengupta
Global CEO

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Ramesh Kamath, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: June 10, 2020

/s/ Ramesh Kamath
Ramesh Kamath
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATIONS

In connection with the Quarterly Report of StarTek, Inc. on Form 10-Q for the quarterly period ended 31st March 2020 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: June 10, 2020	/s/ Aparup Sengupta Aparup Sengupta Chief Executive Officer
Date: June 10, 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.