

STARTEK INC
Form 8-K
March 24, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 24, 2011**

STARTEK, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation
or organization)

1-12793
(Commission File
Number)

84-1370538
(I.R.S. Employer Identification No.)

44 Cook Street Suite 400, Denver, Colorado 80206

(Address of principal executive offices; zip code)

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

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(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On March 23, 2011, StarTek, Inc. (the "Company") entered into a business loan agreement and change in terms agreement (together the "Agreement") with UMB Bank Colorado, N.A. ("UMB Bank") for a \$10 million secured revolving line of credit. The Agreement is effective March 2, 2011 through August 1, 2011. This Agreement replaces the Company's \$15 million secured revolving line of credit with UMB Bank.

Borrowings under the Agreement bear interest, at our option at the time of borrowing, of the thirty, sixty or ninety day LIBOR index, plus 2.50%. The interest rate shall never be less than 4.00% per annum. This is an increase from the previous terms which were that borrowings bore interest, at our option at the time of the borrowing, of the thirty, sixty or ninety day LIBOR index, plus 1.75% and that the interest rate wouldn't be less than 3.25% per annum. Under the Agreement, UMB Bank maintains a security interest in all of its present and future accounts receivable, general intangibles, and owned real property. In addition, under the Agreement, the Company is subject to certain financial covenants. One of the covenants requires a tangible net worth of at least \$90 million, which was reduced from a requirement of \$100 million under the previous agreement. Our other financial covenants remain the same, and include maintaining 1) a ratio of total liabilities to tangible net worth of less than 1.0 to 1.0, 2) unencumbered liquid assets, defined as cash, certificate of deposits and marketable securities, of at least \$10 million measured on the last day of each fiscal quarter and 3) a cash flow coverage ratio, as defined in the Agreement, of greater than 1.50 to 1.0 measured on the last day of each fiscal quarter for the previous twelve months.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Change in Terms Agreement, dated March 23, 2011, between StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. and UMB Bank Colorado, N.A.

10.2 Business Loan Agreement, dated March 23, 2011, between StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. and UMB Bank Colorado, N.A.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STARTEK, INC.

By: /s/ David G. Durham
David G. Durham
Executive Vice President, Chief Financial Officer and Treasurer

Date: March 24, 2011

EXHIBIT INDEX

Exhibit Number	Description
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