EFiled: Jun 05 2024 02:39PM EDT
Transaction ID 73316484
Case No. 2024-0587-LWW

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MICHAEL POPPER and JEFFREY EDELMAN, on behalf of themselves and all others similarly situated, Plaintiffs, v. SANJAY CHAKRABARTY, MUKESH SHARDA, BHARAT RAO, SUDIP BANERJEE, ALBERT ABOODY, ANUPAM PAHUJA, ANKUL AGARWAL, NALLATHUR S. BALASUBRAMANIAN, and CAPITAL SQUARE PARTNERS PTE LTD, Defendants.	)	C.A. No. 2024 – 0587-LWW **PUBLIC VERSION** **Filed: June 5, 2024**

VERIFIED CLASS ACTION COMPLAINT

Plaintiffs, Michael Popper and Jeffrey Edelman (collectively referred to herein as "Plaintiffs"), by and through their undersigned attorneys, submit this Verified Class Action Complaint (the "Complaint") against the defendants named herein, and allege upon personal knowledge with respect to themselves, and upon information and belief based on, among other things, a review of public filings, press releases, and reports, and investigations by counsel, including inspection of corporate books and records pursuant to 8 *Del. C.* § 220 ("Section 220") of the Delaware General Corporation Law (the "220 Production"), as follows:

INTRODUCTION

1. This Action arises out of a transaction whereby Capital Square Partners Pte Ltd (together with its subsidiaries, funds, and affiliates, "CSP"), holders of approximately 55.9% of the common stock of StarTek, Inc. ("StarTek" or the "Company"), acquired StarTek's public minority interest by forcing the Company's minority stockholders to relinquish their stock using an unfair process and at an unfair price pursuant to a merger with CSP (the "Buyout").

2. On October 10, 2023, StarTek announced that it had entered into a definitive agreement (the "Merger Agreement") with Stockholm Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and a wholly owned subsidiary of Stockholm Parent, LLC, a Delaware limited liability company ("Parent"), whereby Merger Sub would merge with and into the Company, at which point each share of StarTek common stock would be cancelled and converted into the right to receive $4.30 per share in cash (the "Merger Consideration"). The Buyout closed on January 5, 2024. At the time of the Buyout, CSP unmistakably controlled StarTek and its Board of Directors (the "Board"), standing on both sides of the Buyout. It typified a classic conflicted controller transaction. Yet the Company failed to adopt the

procedural protections of *M&F Worldwide,* and instead negotiated and approved the Buyout under dubious circumstances. CSP never conditioned its proposal on either the approval of a special committee or the approval of a majority of the minority stockholders.

3. Having repeatedly refused to condition the Buyout on the affirmative vote of a majority of StarTek's minority stockholders, or any vote whatsoever of StarTek's minority stockholders, StarTek failed to solicit the vote or consent of its minority stockholders, or call a stockholders' meeting for purposes of voting on the approval of the Buyout. Rather, CSP's Written Consent approved and adopted the Buyout Agreement and the transactions contemplated, thereby inflicting the Buyout on the minority stockholders, forcing them to accept markedly less than what their shares were intrinsically worth.

4. Moreover, although StarTek formed a special committee of purportedly independent and disinterested directors (the "2023 Special Committee"), purportedly two of its members suffered disabling conflicts of interest resulting from substantial, long-term professional relationships with executives within CSP.

5. The 2023 Special Committee's process in negotiating and recommending the Buyout was unfair, as was the price that CSP ultimately paid. Hemmed in by their limited mandate, the 2023 Special Committee only ever

evaluated and negotiated a deal with CSP, and in doing so, capitulated to CSP every step of the way at the expense of the Company's unaffiliated stockholders. The price ($4.30 per share) significantly undervalued StarTek.

6. By this Action, Plaintiffs seek to hold Defendants accountable for their breaches of fiduciary duty in negotiating, approving, and consummating the unfair Buyout.

PARTIES

7. Plaintiff Michael Popper, at all relevant times, held shares of StarTek common stock.

8. Plaintiff Jeffrey Edelman, at all relevant times, held shares of StarTek common stock.

9. StarTek is a Delaware corporation, headquartered at 4610 South Ulster Street, Denver, Colorado. StarTek provides global customer experience ("CX") outsourcing solutions. Before the Buyout, StarTek was a publicly traded company listed on the New York State Exchange ("NYSE"). Following the Buyout, StarTek is now a wholly owned subsidiary of CSP.

10. Defendant CSP is a Singapore-based private equity investment firm organized under the laws of the Cayman Islands. As of October 10, 2023, CSP owned 23,049,137 shares of StarTek's common stock representing approximately

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55.9% of the 40,345,831 shares of outstanding StarTek common stock, making CSP the principal shareholder and undisputed controller of the Company. CSP operates through various directly and indirectly owned subsidiaries, funds, and affiliates, including, but not limited to, Capital Square Partners Pte Ltd, CSP Management Limited, CSP Management II Limited, CSP Alpha GP Limited ("CSP Alpha GP"), CSP Emerging Asia Fund I LP, CSP EAF I GP Limited, CSP EAF Fund GP Limited, CSP EAF Fund LP CSP EAF II GP Limited ("CSP EAF II GP"), CSP Alpha Co-invest LP, CSP Alpha Co-Invest GP Limited, CSP Alpha Holdings Limited ("CSP Alpha Holdings"), CSP Alpha Investment LP, CSP Alpha Holdings Parent Pte Ltd. ("CSP Alpha Parent"), CSP Victory Limited, and CSP Fund II LP. The various entities are located in Delaware, Singapore, and the Cayman Islands.

11. Defendant Sanjay Chakrabarty was a member of the StarTek Board from July 2018 through the consummation of the Buyout, a member of the Compensation Committee, and Chairman of the Company's Governance and Nominating Committee.

12. At all relevant times, Mr. Chakrabarty exerted significant control over the Board as the Founder and Managing Partner of CSP. He also serves as a board member of other companies that are majority owned by CSP. Specifically, Mr. Chakrabarty serves as a director of CSP Alpha Holdings, CSP EAF II GP, CSP

Management II Limited, CSP Alpha Parent, CSP Alpha GP, CSP Victory Limited, CSP Management Limited and Capital Square Partners Pte Ltd. In addition, he has been a director on the board of CSS Corp, since June 2013 and he previously served as a board member of Minacs and Indecomm Corporation.

13. Defendant Mukesh Sharda was a member of the StarTek Board from July 2018 through the consummation of the Buyout, Chairman of the Compensation Committee, and a member of the Company's Governance and Nominating Committee.

14. Like Mr. Chakrabarty, Mr. Sharda is a co-Founder and Managing Partner of CSP, and serves as a board member of other companies that are majority owned by CSP. Specifically, Mr. Sharda is a director of CSP EAF II GP, CSP Management II Limited, CSP Alpha Parent, CSP Alpha GP, CSP Victory Limited, CSP Management Limited and Capital Square Partners Pte Ltd. Additionally, Mr. Sharda was previously on the board of Minacs and Indecomm Corporation.

15. Defendant Bharat Rao was a member of the StarTek Board from July 2018 through the consummation of the Buyout. Mr. Rao served as the President of the Company from September 13, 2021, to January 26, 2022, before being appointed as the Global Chief Executive Officer ("CEO") on January 27, 2022.

16. Mr. Rao has enjoyed a lengthy relationship with CSP. Over the years, he previously served as a board member of other companies that are majority owned by CSP. Specifically, he serves as a director of CSP EAF II GP, CSP Management II Limited, CSP Alpha Parent, CSP Alpha GP, CSP Victory Limited and CSP Management Limited. Most recently, he served as a Managing Partner of CSP, forfeiting his position within days of his new appointment. However, he still serves CSP as a Non-Executive Director of CSP. Mr. Rao thus is a dual fiduciary, sitting on the Boards of both StarTek and CSP.

17. Defendant Ankul Agarwal was the Senior Vice President ("SVP") of Finance and Chief of Staff of StarTek at the time of the Buyout. However, several SEC filings going back to May 5, 2020, identify Mr. Agarwal as the Company's Investor Relations "India Contact" and the Merger Agreement lists him as a "Dual Representative" along with Bharat Rao, Sanjay Chakrabarty, and Mukesh Sharda, seemingly with respect to his ongoing position at CSP.

18. Mr. Agarwal currently serves as an Executive Director of CSP. In this role, Mr. Agarwal "actively engages with [CSP's] portfolio companies in evolving business strategies, monitoring business plans, and advising their corporate finance and M&A functions." Following the Buyout, he has continued to serve the Company as Chief of Staff.

19. Defendant Sudip Banerjee was a member of the StarTek Board from June 2022 through the consummation of the Buyout. He is currently an Operating Partner of CSP and serves as a board member of other companies that are majority owned by CSP.

20. He is currently on the board of directors of L&T Technologies Ltd, Kesoram Industries Limited and IFB Industries Limited. Before joining CSP and the Company, Mr. Banerjee worked with Wipro Limited ("Wipro")[1] for the twenty-five years between 1983 and 2008, where he spent the last six years of his tenure in Bangalore, India, as the President of the Enterprise Solutions Division, Wipro's largest business division, and a member of the Corporate Executive Council.

21. Defendants Sanjay Chakrabarty, Mukesh Sharda, Sudip Banerjee, and Bharat Rao are collectively referred to herein as the "CSP Directors."

22. Defendants Sanjay Chakrabarty, Mukesh Sharda, Bharat Rao, Sudip Banerjee, and Ankul Agarwal are collectively referred to herein as the "Individual Defendants."

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[1] Wipro describes itself as "a leading technology services and consulting company focused on building innovative solutions that address clients' most complex digital transformation needs…[by] leverage[ing] [their] holistic portfolio of capabilities in consulting, design, engineering, operations, and emerging technologies to help clients realize their boldest ambitions and build future-ready, sustainable businesses." Wipro Form 20-F filed on May 22, 2024.

RELEVANT NON-PARTIES

23. Relevant Non- Party Albert Aboody was a Chairman of the StarTek Board from March 2019 through the consummation of the Buyout, a member of the Audit Committee, and a member of the Governance and Nominating Committee. In August 2023, he was formally appointed to the 2023 Special Committee (defined below).

24. Relevant Non- Party Anupam Pahuja was a member of the StarTek Board from November 2022 through the consummation of the Buyout, and a member of the Compensation Committee. In August 2023, he was formally appointed to the 2023 Special Committee.

25. Relevant Non- Party Nallathur S. Balasubramanian ("N.S. Bala") was a member of the StarTek Board from November 2022 through the consummation of the Buyout, and a member of the Audit Committee. In August 2023, he was formally appointed to the 2023 Special Committee.

26. Albert Aboody, Anupam Pahuja, and N.S. Bala are collectively referred to herein as the "2023 Special Committee."

JURISDICTION AND VENUE

27. This action arises out of Delaware law. Personal jurisdiction is proper over all defendants. All the individual defendants were directors/officers of StarTek, a Delaware corporation.

28. CSP is an exempted limited company formed under the laws of the Cayman Islands that, through its affiliated investment funds, has maintained a controlling equity interest in the Company, a Delaware corporation, since it acquired an approximately 55% ownership stake in the Company on July 20, 2018. CSP created Merger Sub as a Delaware corporation for the sole purpose of facilitating and effectuating the Merger, and thus is subject to personal jurisdiction in Delaware for the purposes of this action. Moreover, pursuant to the Merger Agreement, CSP has waived any objections to the exercise by this Court of personal jurisdiction over it in any action with respect to the Merger Agreement.

29. CSP has consented to personal jurisdiction in Delaware pursuant to 10 *Del. C.* § 3114.

30. Section 8.08(a) of the Merger Agreement explicitly provides that:

> This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without giving effect to the principles of conflicts of Law thereof that would require the application of the Laws of any other jurisdiction. Notwithstanding the foregoing, the matters contained in Article I and Article II of this Agreement shall

be governed by, and construed in accordance with, the DGCL, including matters relating to the filing of the Certificate of Merger and the effects of the Merger, and all matters relating to the fiduciary duties of the Company Board shall be governed and construed in accordance with the Laws of the State of Delaware without regard to the conflicts of Law thereof that would require the application of the Laws of any other jurisdiction.

31. Furthermore, Section 8.08(b) of the Merger Agreement states:

Each of the parties expressly, irrevocably and unconditionally agrees that any Proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the Transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, brought by any other party or its successors or assigns shall be brought and determined in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (unless the Delaware Court of Chancery shall decline to accept jurisdiction over a particular matter, in which case, in any Delaware state or federal court within the State of Delaware), ***and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such Proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the Transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto***. Each of the parties agrees not to commence any Proceeding relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described in this Agreement. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process, and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any Proceeding arising out of or relating to this Agreement or the

> agreements delivered in connection herewith or the Transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, (i) any claim that it is not personally subject to the jurisdiction of the courts in the State of Delaware, as described in this Agreement, for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) that (A) the Proceeding in any such court is brought in an inconvenient forum, (B) the venue of such Proceeding is improper or (C) this Agreement, or the subject matter of this Agreement, may not be enforced in or by such courts.

(Emphases added.)

CLASS ACTION ALLEGATIONS

32. Plaintiffs bring this action on their own behalf, and as a class action pursuant to Court of Chancery Rule 23, on behalf of all common stockholders of StarTek, except Defendants herein and any persons, firms, trusts, corporations, or other entities related to or affiliated with any of the Defendants, who were harmed by Defendants' actions as described more fully below (the "Class").

33. This action is properly maintainable as a class action.

34. The Class is so numerous that joinder of all members is impracticable. As of November 30, 2023, there were 40,345,831 outstanding shares of StarTek common stock, approximately 44.1% of which were held by hundreds, if not thousands, of unaffiliated individuals and entities throughout the country. The

number and identities of the record holders of StarTek's securities can be easily determined from the stock transfer journals maintained by the Company, its agents, or successors. There are no difficulties likely to be encountered in the management of the Class claims.

35. There is a well-defined community of interest in the questions of law and fact involved affecting the members of the Class, including, *inter alia*, the following:

1. Whether Defendants breached any of their fiduciary duties or aided and abetted the breaching of any fiduciary duties owed to Plaintiffs and the other members of the Class in connection with the Buyout; and

2. Whether the members of the Class have sustained damages, and if so, what is the proper measure of damages.

36. Plaintiffs are members of the Class and are committed to prosecuting this action. Plaintiffs have retained highly capable counsel experienced in litigation of this nature. The claims of Plaintiffs are typical of the claims of the other members of the Class. Plaintiffs do not have interests antagonistic to or in conflict with those they seek to represent. Plaintiffs are therefore adequate representatives of the Class.

37. This Court is an appropriate forum for this dispute. The likelihood of every individual Class member prosecuting separate individual actions is remote due to the relatively small loss suffered by each Class member as compared to the burden

and expense of prosecuting litigation of this nature and magnitude. Absent a class action, Defendants are likely to avoid liability for their wrongdoing to most Class members, and most Class members are unlikely to obtain redress for their wrongs alleged herein.

38. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

39. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained about herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

FACTUAL BACKGROUND

I. Background of the Company

40. Founded in 1987, StarTek went public on June 19, 1997, pivoting its business operations from supply chain management services to customer care contact centers, and ultimately customer experience solutions (or "CX solutions").

41. Supported by over 38,000 employees, StarTek offers CX solutions across twelve countries and a myriad of industries and markets including, but not limited to, technology, media, e-commerce, healthcare financial and business services, travel and hospitality, education, utilities, and more. During its time as a publicly traded company, StarTek's common stock traded on the NYSE under the ticker "SRT."

42. CSP, according to its website, is a Singapore-based "private equity investment firm investing across Telecommunications, Media & Technology, Healthcare, Consumer & Business services, and the Education sectors with footprints in South and Southeast Asia with significant attention to India."

43. CSP, as the beneficial owner of approximately 55.9% of StarTek's outstanding stock, was the undisputed controller of StarTek as a result of the "Aegis Transaction" whereby, on March 14, 2018, StarTek acquired all of the outstanding capital of CSP Alpha Midco Pte Ltd ("Aegis"), from CSP Alpha Parent, a CSP subsidiary, in exchange for the issuance of 20,600,000 shares of StarTek common stock to CSP Alpha Parent.

44. Pursuant to the Stockholders Agreement executed by StarTek and CSP Alpha Parent on July 20, 2018, CSP was entitled to unique rights and privileges with respect to the corporate governance structure of the Company that ultimately made

the Buyout a foregone conclusion. Section 3.1(a) governing "Board Composition" provided that:

> The Public Company Board shall consist of nine (9) members comprised initially of (i) five (5) directors, including the chairman of the Public Company Board, designated by the Stockholder…, (ii) the President and Chief Executive Officer of Public Company, and (iii) three (3) Public Company Independent Directors, **reasonably acceptable** to the Stockholder [i.e., CSP] (collectively, with their successors, who will also be Public Company Independent Directors, the "Non-Stockholder Directors"); provided that, for the avoidance of doubt, if the Stockholder does not initially designate all five (5) directors pursuant to Section 3.1(a)(i), the Parties acknowledge that the Stockholder has the right, at any time, to fill any vacancy created by the failure to initially designate all five (5) directors. (emphasis added).

45. As of December 31, 2022, there were eight directors on the Board. CSP had appointed Messrs. Sanjay Chakrabarty, Mukesh Sharda, Sudip Banerjee, and Bharat Rao, all of whom occupied a high-ranking and influential positions at CSP during their tenure on the StarTek Board and would assuredly represent CSP's interests. Messrs. Albert Aboody, N.S. Bala, Anupam Pahuja, and Gerald "Jerry" Schafer, on the other hand, were merely designated by CSP.

46. Following the Aegis Transaction, it was apparent that accommodating CSP as a "controlling stockholder" would have lasting and drastic consequences on the management and operation of the Company. Included among the "Market

Related Risks" in StarTek's latest Form 10-K was a note that *"Our largest stockholder can significantly influence corporate actions"*:[2]

> CSP has a continuing ability to exercise significant influence over our affairs for the foreseeable future, including controlling the election of directors and significant corporate transactions, such as a merger or other sale of our Company or our assets. This concentrated control by CSP limits the ability of other shareholders to influence corporate matters and, as a result, we may take actions that our other shareholders do not view as beneficial. *Id.* at 15.

47. Following the Aegis Transaction, CSP replaced StarTek's senior management. Chad Carlson was removed as CEO as of July 20, 2018, and replaced by Lance Rosenzweig. Mr. Rosenzweig, in turn, was replaced by Aparup Sengupta as CEO on January 15, 2020. Mr. Sengupta was a co-founder and Operating Partner of CSP. Hence, CSP installed one of its own core people as StarTek's CEO.

48. Mr. Sengupta then left CSP and resigned as StarTek's CEO as of February 1, 2022. Mr. Sengupta was replaced as CEO by Defendant Bharat Rao, a Managing Partner was CSP.

49. Under CSP's control after the Aegis Transaction, the Company experienced "[redacted]

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[2] Various iterations of this disclosure have been inserted into every StarTek Form 10-K filed since 2018. *See* StarTek 2021 Form 10-K at 15.

[redacted]"
StarTek_000089. These "disruptions" were further exacerbated by "other integration and operational challenges" stemming from the Aegis Transaction and the Covid-19 Pandemic. Information Statement at 8.[3]

50. Unsettled by the series of unrelenting missteps, it appears that the market grew increasingly disillusioned with CSP's stewardship of the Company. On March 15, 2018, following the announcement of the Aegis Transaction, StarTek's share price closed at $10.66. On December 17, 2021, the last day of trading before news of the 2021 Offer (defined below) was released to the public, StarTek's share price closed at a much lower $3.94.

II. <u>The 2021 and 2022 Offers</u>

51. The Information Statement recounts that the Buyout was merely the culmination of CSP's efforts over a two-year period to take StarTek private, delayed only by insurmountable market volatility and CSP's failure to secure debt financing.

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[3] StarTek filed a Definitive Information Statement on Schedule 14A (the "Information Statement") with the SEC on December 13, 2023.

52. CSP first began the process on December 20, 2021, submitting its first non-binding written proposal to acquire all of the StarTek shares it did not already own (the "2021 Proposal Letter") at a price per share of $5.40 (the "2021 Offer").

53. Messrs. Albert Aboody, Jerry Schafer, and former Board member Julie Schoenfeld (the "2022 Special Committee") deliberated and negotiated the 2021 Offer from January 2022 through September 2022, aided by their legal and financial advisors, Freshfields Bruckhaus Deringer LLP ("Freshfields") and Foros LLC ("Foros").

54. During that time, the 2022 Special Committee would repeatedly ask for "reliable assurances from CSP of the availability of funds [and debt financing] necessary to finance a potential transaction in order to determine whether CSP's proposal was actionable. The 2022 Special Committee and its advisors also sought assurances from CSP with respect to its sources of debt financing." Information Statement at 9. CSP was unable to provide any such assurances until August 2022.

55. Still, the 2022 Special Committee would continue to devote time and resources to evaluating a potential transaction with CSP based on the 2021 Offer, soliciting updated financial forecasts for the remainder of the 2022 calendar year through 2026 (the "Forecast") from StarTek management.

56. On August 8, 2022, CSP sent the 2022 Special Committee another non-binding written proposal (the "2022 Proposal Letter"). Therein, CSP assured the 2022 Special Committee that it intended to finance the potential transaction entirely with equity financing, noting that it had available cash to pay the acquisition consideration and any related costs and expenses, in its entirety.

57. Notably, however, CSP informed the 2022 Special Committee that the $5.40 per share 2021 Offer was no longer on the table.

58. Instead, CSP lowered its 2021 Offer by 13.8% and offered to acquire all outstanding shares of StarTek common stock that it did not own at $4.65 per share (the "2022 Offer"), attributing the devaluation to the global CX market. Specifically:

> (a) volatility in the global financial markets that negatively affected the trading price of the Company Common Stock, (b) the Company's weaker-than-expected financial and operational performance, and (c) volatile conditions in the debt markets that negatively impacted CSP's ability to obtain debt financing for the potential transaction. Information Statement at 10.

59. Taking into account the recent Forecast, the 2022 Special Committee evaluated the 2022 Offer over the next few weeks before concluding that it was inadequate. On August 21, 2022, the 2022 Special Committee had Foros communicate its rejection of the 2022 Offer to CSP.

60. The 2022 Special Committee would take it a step further and voice its criticisms of CSP's approach to merger negotiations publicly. According to the Form 8-K filed on September 8, 2022:

> [R]ather than submitting a revised proposal, CSP has repeatedly requested more "specific directional guidance on how [the Committee] is thinking about value and price." The Committee considered this request by taking into account that CSP already possesses the full Forecast and has understood since August 21 that the Committee is using this Forecast for its financial analysis of proposals by CSP. After considering this factor, as well as the Committee's objective of maximizing value for shareholders, the Committee determined and informed CSP that it would be inappropriate and redundant to provide additional directional guidance to CSP beyond the explanations already provided to CSP. The Committee has reiterated to CSP that the Committee remains available to evaluate and respond to a revised proposal by CSP.

61. Soon thereafter, CSP floated an informal offer of $5.40 per share in cash, representing a 16% increase to the 2022 Offer. However, without any "reliable assurances" from CSP of its ability to obtain the necessary financing for its latest offer, the 2022 Special Committee refused to entertain it as "actionable." Besides, in light of the Forecast and the Committee's stated objective of maximizing value for shareholders, the 2022 Special Committee found the $5.40 per share offer to be meaningless.

62. On September 19, 2022, CSP formally withdrew the 2022 Offer.

63. In the aftermath of CSP's failed offer, 2022 Special Committee member Julie Schoenfeld was released from the Board and "did not stand for reelection at the Company's annual meeting of stockholders held on November 21, 2022."

64. Jerry Schafer, also a member of the 2022 Special Committee, while still credited as an independent member of the Board at the time of the Buyout, was not appointed to the 2023 Special Committee.

65. Neither Freshfields nor Foros would be retained as the financial or legal advisors to the 2023 Special Committee.

III. Unaffiliated Stockholders React to the 2021 and 2022 Offers

66. In the wake of the 2021 and 2022 Offers, StarTek's minority stockholders voiced their dissatisfaction.

67. In March 2022, TheDeal.com published an article titled "Startek Minority Investors May Launch Counterbid," where it reported on statements by the Company's minority stockholders "regarding potential counteroffers for the Company." Although, the 2022 Special Committee denied receiving any such counteroffers by StarTek's minority stockholders.

68. Likewise, in September 2022, the 2022 Special Committee was similarly informed that a third party ("Party A") had expressed a potential interest in a transaction with the Company and requested information concerning the 2022

Special Committee's activities. Unmoved by Party A's request, the 2022 Special Committee refused to oblige, and no further action was taken.

69. However, in November 2022, MCI Capital, LC ("MCI"), seemingly impressed with StarTek's upside potential, commenced a tender offer, attempting to purchase up to 4,000,000 shares of StarTek common stock at $4.20 per share. For its efforts, in January 2023, MCI Capital was able to acquire an aggregate of 2,960,646 shares. MCI together with Iowa City Capital Partners, LC (collectively referred to herein as "MCI Capital") would soon purchase additional StarTek shares on the open market.

IV. **StarTek's Financial Performance**

70. In the months preceding the 2023 Offer (as defined below), [redacted] *See* StarTek_000089. This included several deleveraging initiatives the Company had underway.

71. On December 27, 2022, pursuant to its ownership of CSP Alpha Holdings Pte. Ltd., StarTek sold its partnership interests in CSS Corp LP to CSP Fund II LP, a CSP subsidiary (the "CSS Transaction") for approximately $46

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million. CSS Corp LP was a partnership formed between CSP Alpha Holdings Pte. Ltd. and CSP Fund II LP "for purposes of investing in CSS Corp Technologies (Mauritius) Limited" ("CSS Tech"), a Mauritanian tech company. Information Statement at 11. "The Company used the proceeds from this redemption transaction towards the prepayment of existing debt." *Id.*

72. Likewise, on January 11, 2023, after seven months of deliberations, StarTek, pursuant to its ownership of ESM Holdings Limited ("ESM"), entered into a definitive agreement to sell 100% of the ESM's stake in Contact Center Company ("CCC") to Arabian Internet and Communications Services Company ("Arabian ICSC") (the "CCC Transaction"). Information Statement at 11. CCC, at the time, was a Saudi Arabian joint venture between ESM and Saudi Telecom Company's ("STC"), Arabian ICSC's parent company. ESM and STC owned 51% and 49% of the joint venture, respectively. "The Company received cash proceeds of approximately $69 million," *id.*, using 80% of the proceeds for the prepayment of its existing debt.

73. With this in mind, [redacted], a financial advisor to the Company, described StarTek as "[redacted]" StarTek_000001.

74. Charged with performing a preliminary analysis of the Company, [redacted] further "noted that the Company's stock price was trading at a discount as compared to peer companies in the same industry, likely due to the Company's relatively small public float, in addition to certain factors related to its financial performance." Information Statement at 11. In spite of the Company being "profitable and having recently deleveraged," *id.*, [redacted] believed, that:

[redacted] StarTek_000002.

75. This belief, both internal and external, that StarTek's share price reflected a substantial discount and was not indicative of its intrinsic value suggests that CSP took advantage of the Company's discounted stock price to enrich itself at the expense of StarTek's unaffiliated stockholders.

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76. As for StarTek's future prospects, the Company was poised to benefit from the projected growth of the global CX outsourcing market.

77. The "Global CX Outsourcing Market: Analysis and Trends by Deployment Type, Industry Vertical and Region and Forecast up to 2028" report published by Research and Markets in December 2023 made the following projections:

> The global CX outsourcing market was valued at US$98.57 billion in 2023, and is expected to be worth US$152.13 billion in 2028. The market is determined to grow at a CAGR of 5.80% over the forecasted period of 2023-2028.
>
> Outsourcing within the customer experience (CX) management sector has grown at unprecedented rates in the past few years, and it is predicted that a strong growth environment would continue to benefit the market, due to the increasing complexity of implementing new technology. Evolving customer behavior, accelerated by the global pandemic, digital-first business models, and the influence of social media, has created a demand for a consistent, personalized, and omnichannel customer experience. The evolution of CX outsourcing is being significantly influenced by shifts in client demographics, particularly with the increasing presence of start-up and emerging brand companies deeply ingrained in the "new economy."

78. Thus, according to Research and Markets, the global CX outsourcing market was anticipating a boom in the coming years, growing from $98.57 billion to $152.13 billion by 2028, an impressive expansion of approximately 55% for the whole period, or 5.8% year over year. As discussed below, StarTek was ready and

able to grow along with the market. It still is. Unfortunately, the Company's minority, unaffiliated stockholders will be unable to participate in the impending growth.

V. **Preliminary Merger Discussions**

79. Between June 10, 2023, and June 15, 2023, the Board, cognizant of StarTek's acutely discounted share price [redacted] assessed the potential strategic alternatives [redacted] StarTek_000014.

80. For undisclosed reasons, the Board appeared to abstain from discussing the feasible [redacted] strategy [redacted] had also presented at the May 26, 2023 meeting:

> [redacted] StarTek_000002.

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81. During the ensuing discussion, the Board opined that "the Company would likely be more successful in navigating increasingly challenging industry dynamics as a private entity." Information Statement at 11. The Board then requested that Mr. Sharda "explore with CSP whether it would consider making a proposal relating to a 'going-private' transaction and revert to the full Board with preliminary observations at a future meeting." *Id.*

82. While he was willing to oblige, Mr. Sharda, a Managing Partner of CSP, reminded the other members of the Board that "CSP continued to be uninterested in selling its stake in the Company to any other party." Information Statement at 11.

83. The Board reconvened on June 26, 2023, joined by representatives from [redacted] and Sherman & Howard LLC, legal counsel to the Company ("Sherman"), to discuss the nuances and considerations of a potential going-private transaction. Expounding on the different ways to enact a "going-private" transaction:

[redacted]

{02022458;v1 }

[redacted]

StarTek_000006.

84. [redacted] recognized [redacted] Assuredly, CSP would not terminate its position in the Company and a sale of the minority position in the Company would be just as untenable. [redacted]

StarTek_000006.

85. Messrs. Aboody, Bala, and Pahuja, considered by the Board to be "independent and disinterested with respect to a potential transaction with CSP," were unofficially appointed to a special committee to evaluate CSP's anticipated proposal, the 2023 Special Committee. Information Statement at 12. The 2023 Special Committee would not be formally established until August 2023.

86. Again, Jerry Schafer, despite being a member of the 2022 Special Committee and considered by the Board to be independent, was inexplicably not included as a member of the 2023 Special Committee, and Julie Schoenfeld, another member of the unsuccessful 2022 Special Committee had been dropped from the Board.

87. Yet, despite no formal role, Messrs. Aboody, Bala, and Pahuja, in July 2023, began to "interview[] legal and financial advisors to represent the special committee." Information Statement at 12. Ultimately, the 2023 Special Committee chose new advisors, Gibson, Dunn & Crutcher LLP ("Gibson Dunn") and Houlihan Lokey Capital, Inc. ("Houlihan"), in anticipation of negotiations with CSP.

88. The Information Statement does not recount what these supposed advisor interviews entailed, but neither Freshfields nor Foros, advisors to the 2022 Special Committee were rehired. [redacted] StarTek_000267. On the other hand, Foros was still independent.

89. Notably, [redacted] *See* StarTek_000032. And, neither the Information Statement, nor the Section 220 Production disclose when Gibson Dunn was formally retained as the 2023 Special Committee's legal advisor.

90. On July 14, 2023, Mr. Sharda informed the Board that in the near-future, CSP would submit a proposal to acquire the minority shares of StarTek common stock for $3.80 per share in cash (the "July 2023 Offer"), 30% less than the 2021 Offer.

91. Furthermore, [redacted] StarTek_000008. His assurance rang hollow. [redacted] had previously warned the Board that [redacted] StarTek_000007.

92. CSP delivered a non-binding written proposal (the "July 2023 Proposal") to the Board on July 18, 2023. Schedule 13-D, Ex. 99.5 dated July 18, 2023.

93. In its efforts to justify the 30% divergence, CSP emphasized what it considered to be the "significant challenges" facing StarTek and the broader market, all of which StarTek would only survive as a private company under the CSP umbrella:

> The business process management industry confronted significant challenges over the last several quarters and Startek has been impacted. In the coming years, the industry will face additional challenges with the advancement of Generative AI (*e.g.*, Chat GPT) and Large Language Models. These emerging technologies will necessarily impact business volumes and elongate sales cycles that may further pressure Startek's growth ambitions. This understanding has been reflected in the guidance provided by listed peers of Startek. These paradigm shifts

> coupled with the subdued macro-economic environment portends a very long recovery path for Startek. We strongly believe Startek would be best positioned to make the necessary investments to escalate revenue growth as a private company. We further believe that many members of the Board also agree with CSP in this regard. As a private company Startek will be able to raise the required capital to undertake reorganizations, invest in operations, raise capital and pursue strategic acquisition opportunities that will give Startek the necessary scale to compete in the current environment. Pursuing these options will require significant debt and equity investments, which Startek may not be able to raise if it continues to be listed given its market capitalization and size. Our Proposal de-risks Startek stockholders from the inherent risk in pursuing these potential opportunities and required investments.

94. The July 2023 Proposal exhibited, at the very least, CSP's indifference to the protections under *M&F Worldwide.* Rather than condition the Buyout on the approval of a special committee, CSP felt that the *mere expectation* of a special committee would suffice:

> We expect the Board will form a committee of independent and disinterested directors ("Committee") and delegate to the Committee the authority to evaluate and approve our Proposal and recommend to the full Board to approve the Proposed Transaction
>
> …
>
> We expect to be in a position to execute Definitive Agreements before the end of August 2023.

95. The July 2023 Proposal also notably failed to include a majority-of-the-minority approval condition, but it did reiterate in no uncertain terms that "CSP is

not contemplating selling its interests in Startek or approving any combination of Startek with, or a sale of all or substantially all of the assets of Startek to, any other potentially interested party.*”*

96. A copy of the July 2023 Proposal was filed with the SEC on July 18, 2023, ensuring that all parties — the 2023 Special Committee, unaffiliated stockholders, and potential acquirers — would discern this dynamic, the ultimate “deal protection,” which would prevent any possibility of a superior proposal materializing.

97. The not-yet-actually-formed 2023 Special Committee would soon instruct representatives from Gibson Dunn to reach out to Latham & Watkins LLP (“Latham”), counsel to CSP, to formally inform the latter that the July 2023 Proposal was under consideration.

98. On August 4, 2023, Messrs. Aboody, Pahuja, and Bala, and representatives of Gibson Dunn and Houlihan, convened a meeting to discuss how to proceed with regards to the potential transaction. In addition [redacted]

> [redacted]

[redacted]

[Gibson Dunn Attorney] then discussed with the directors their [redacted] StarTek_000223.

99. These aforementioned "independence questionnaires" [redacted] circulated to Defendants Aboody, Pahuja, and Bala. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted] StarTek_000163.

100. These questions were admittedly inadequate for their stated purposes, lacking any semblance of comprehensiveness. Worse still, the answers to the purported questionnaire were not required to be made pursuant to a sworn statement, or affirmation of truthfulness.

101. Curiously, Gibson Dunn informed Messrs. Aboody, Pahuja, and Bala that [redacted]

StarTek_000162. Accordingly, no written questionnaire responses were provided in response to Plaintiffs' Section 220 Demand.

102. Messrs. Aboody, Pahuja, and Bala were formally appointed to the newly formed 2023 Special Committee on August 7, 2023.

103. The Board unanimously adopted the following resolutions granting the 2023 Special Committee limited authority, which included only the ability to make a recommendation to the conflicted Board:

[redacted]

[redacted]

{02022458;v1 }

> [redacted] StarTek_000021- StarTek_000022.

(Emphasis added).

VI. Negotiations

104. The Negotiations were tainted from the outset.

105. For starters, the scope of the 2023 Special Committee's mandate was unduly restrictive:

> [T]he Special Committee was not authorized by the Board to consider alternative transactions in light of CSP's position in the July 2023 Proposal Letter that it was not contemplating selling its interests in the Company or approving any combination of the Company with, or a sale of all or substantially all of the assets of the Company to, any other potentially interested party. Information Statement at 13.

106. Consequently, the 2023 Special Committee was only ever permitted to consider a potential transaction with CSP, and precluded from entertaining any strategic alternatives that might have arisen, regardless of their superiority to the July 2023 Offer.

107. These constraints on the 2023 Special Committee were all the more discouraging given CSP's willingness to exert its influence over the Company and guarantee that it was the sole beneficiary of the potential transaction. Indeed, the

July 2023 Proposal had already shown that CSP was prepared to impose the Buyout on StarTek's minority stockholders.

108. In a letter to the StarTek Board, MCI Capital articulated its apprehension of CSP's influence within the Company and CSP's evident disregard for the Company's minority stockholders with respect to its self-interest, as reflected in its July 2023 Proposal:

> We are also concerned the July 18, 2023 proposal does not state that approval of the "majority of the minority" stock (not already beneficially owned by CSP) is required for approval of the transaction. As a result, we are concerned CSP, the majority stockholder controlling ~55.9% of the stock, would impose the transaction on the minority stockholders of the Company with only the vote of CSP's own shares...
>
> We hope that the Board, and particularly the Directors not affiliated with the controlling stockholder, will carefully consider these concerns, and take appropriate steps to protect the interests of the minority stockholders, including, but not limited to, requiring that a "majority of the minority" approve the take-private transaction.
>
> We believe such (a) requirement(s) is (are) generally recognized as (a) market protection(s) afforded to holders against self-interested transactions by a controlling stockholder and is a basis for a more favorable standard for review under Delaware Law. We call on other Company stockholders who may share our concerns to review and make their views known. Schedule 13-D/A, Ex. 99.1 dated August 10, 2023 (emphasis in original) ("MCI Capital Letter").

109. [redacted] similarly communicated his reservations about the July 2023 Proposal to Mr. Aboody. Like MCI Capital, [redacted] "express[ed] concern with the fact that the July 2023 Proposal Letter did not make any reference to a [m]ajority of the [m]inority [c]ondition." Information Statement at 13.

110. Their concern was warranted.

111. Pursuant to the StarTek 2022 Form 10-K, as of March 1, 2023: A. Emmet Stephenson, Jr. owned 2,914,382 shares of StarTek common stock representing 7.2% of the Company outstanding shares; Steven D. Lebowitz owned 3,132,615 shares of StarTek common stock representing 7.8%; and MCI Capital owned 2,970,246 shares of StarTek common stock representing 7.4%. Perhaps because as few as three stockholders collectively held almost 50% of StarTek's unaffiliated shares, [redacted] StarTek_000218.

112. On the one hand, CSP's position exemplified its disregard for the will and consideration of the Company's minority stockholders. This was a missed opportunity.

113. On the other hand, the 2023 Special Committee's failure to secure a majority of the minority condition is illustrative of the deference Messrs. Aboody, Pahuja, and Bala afforded to CSP during negotiations, and an abdication of their responsibilities to StarTek's unaffiliated stockholders.

114. On August 31, 2023, the 2023 Special Committee met with representatives from Gibson Dunn and Houlihan to discuss the Company's most recent long-term internal financial forecasts prepared by StarTek management (the "Management Forecasts") in connection with the Buyout.

115. StarTek's senior management is comprised, in part, of high-ranking representatives of CSP, including, but not limited to, Bharat Rao, a former Managing Partner and current non-executive director of CSP, and Ankul Agarwal, an executive director of CSP.

116. The Management Forecasts were prepared solely "[i]n connection with the process leading to the execution of the Merger Agreement." Information Statement at 30. In other words, the Management Forecasts were not prepared in the ordinary course of business, but rather were prepared solely for the purpose of guiding and influencing Houlihan's valuation of the Company. Indeed, "[t]he Company [did] not, as a matter of course, make public long-term forecasts or internal projections as to future performance, revenues, earnings or other results due to,

among other reasons, the uncertainty of the underlying assumptions and estimates." *Id*.

117. The Management Forecasts contained "certain unaudited projections of future financial and operating performance of the Company for the years 2023 through 2028," solely intended for use by Houlihan "in connection with its financial analyses and opinion." Information Statement at 30.

118. As such, the Company concedes that the Management Forecasts were "subjective in many respects." *Id*.

119. The following table reflects metrics included in the financial projections:

(in millions of US dollars)	Fiscal Year Ending December 31,					
	2023E	2024E	2025E	2026E	2027E	2028E
Revenue	**$379.8**	**$385.4**	**$395.4**	**$410.5**	**$426.3**	**$442.8**
Direct Costs[1]	(234.4)	(235.0)	(239.6)	(247.6)	(256.0)	(265.3)
Variable Profit	**$145.4**	**$150.4**	**$155.8**	**$162.9**	**$170.3**	**$177.5**
Indirect Costs[1]	(68.7)	(70.9)	(73.4)	(76.4)	(79.5)	(82.7)
Adjusted Gross Profit[2]	**$76.7**	**$79.5**	**$82.4**	**$86.5**	**$90.8**	**$94.9**
Selling, General and Administrative Expenses[1]	(40.0)	(40.9)	(41.9)	(43.5)	(45.2)	(46.9)
Adjusted EBITDA[3]	**$36.7**	**$38.7**	**$40.5**	**$43.0**	**$45.7**	**$48.0**
Depreciation & Amortization	(24.1)	(25.5)	(27.1)	(28.5)	(30.2)	(31.9)
Adjusted EBIT[4]	**$12.6**	**$13.1**	**$13.4**	**$14.5**	**$15.5**	**$16.0**
Cash Flows[5]:						
Unlevered Pre-Tax Earnings[5][6]	**$7.3**	**$13.1**	**$13.4**	**$14.5**	**$15.5**	**$16.0**
Stock-Based Compensation[5][7]	(0.7)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Taxes[5][8]	(2.1)	(3.7)	(3.8)	(4.1)	(4.4)	(4.6)

Depreciation & Amortization(5)	13.5	25.5	27.1	28.5	30.2	31.9
Capital Expenditures(5)	(7.4)	(15.4)	(15.8)	(16.4)	(17.1)	(17.7)
Change in Net Working Capital(5)	(6.5)	(1.0)	(0.8)	(0.9)	(1.0)	(0.9)
Unlevered Free Cash Flow(5)(9)	**$4.1**	**$17.1**	**$18.7**	**$20.0**	**$21.7**	**$23.3**

120. Even a cursory look at the Management Forecasts shows that they were likely intentionally depressed. Despite the global CX outsourcing market being projected to grow at an annual rate of 5.8% during 2023-2028, these forecasts projected revenue growth of the Company for this same period at much lower rates: 1.5%, 2.6%, 3.8%, 3.8%, and 3.9%.

121. Moreover, StarTek was poised to grow much faster than the industry as a whole. For example, during 2023 alone, StarTek increased its workforce in Honduras, adding hundreds of new agents. Those new hires alone would be expected to add roughly $27 million in additional annual revenue. The Management Projections reflected no corresponding revenue growth reflecting this hiring initiative.

122. By invitation, [redacted] appearing as StarTek management, walked the 2023 Special Committee through the Management Forecasts. [redacted]

123. Opining on StarTek's prospects [redacted] StarTek_000222.

124. Days before the August 31 Meeting, Houlihan had cautioned the 2023 Special Committee that their [redacted] StarTek_000221.

125. The 2023 Special Committee subsequently met with representatives from Gibson Dunn and Houlihan on September 6, 2023 to exchange views on the Management Forecasts:

> [redacted] StarTek_000233.

126. The 2023 Special Committee succumbed to [redacted] bleak outlook on the Company's future. Noting that [redacted]

[redacted] StarTek_000233. Moreover, [redacted] *Id.*

127. Again, given the overwhelming presence of CSP loyalists within StarTek management, [redacted], the reliability of the Management Forecasts was dubious at best, and their pessimism shouldn't have been surprising. Yet, despite the obvious questions about the loyalties of StarTek's management, the 2023 Special Committee nevertheless resolved to adopt the Management Forecasts for use in its negotiations with CSP.

128. On September 10, 2023, the 2023 Special Committee met with representatives from Houlihan and Gibson Dunn to discuss the terms of a potential counter to the July 2023 Offer.

129. With respect to non-financial terms, the 2023 Special Committee and Gibson Dunn deliberated "whether to require that any potential transaction with CSP be subject to a [m]ajority of the [m]inority [c]ondition" and "whether it was advisable to suggest to CSP that…it seek to obtain the support of other significant stockholders of the Company, including [MCI] and Stockholder [B], in connection

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with a going-private transaction." Information Statement at 13-14. [redacted] StarTek_000225.

130. With respect to financial terms, representatives from Houlihan, relying on their ongoing financial due diligence and analysis of the Management Forecasts, proposed a potential price point of $4.50 per share in cash -- in line with the Company's 52-week trading high, despite Houlihan's earlier-stated view that the market was undervaluing the Company.

131. Accordingly, the 2023 Special Committee instructed Houlihan to communicate to CSP that (i) it was prepared to move forward with a potential transaction if "CSP increased the offer price per share to $4.50 in cash and agreed to a [m]ajority of the [m]inority [c]ondition" (the "September 10 Counteroffer"), Information Statement at 14; (ii) soliciting the support of "other significant stockholders in a potential transaction" could be "helpful," *id.*; and [redacted] StarTek_000225.

132. While CSP conveyed a willingness "to consider an increase of its offer," it reaffirmed its rejection of a majority-of-the-minority condition. Information Statement at 14.

133. [redacted] StarTek_000227.

134. On September 14, 2023, during a meeting between representatives of Houlihan and CSP, CSP revised its July 2023 Offer, increasing it by $0.35 to $4.15 per share in cash (the "September 2023 Offer"), representing an approximate 9% price bump. Representatives from Houlihan immediately relayed details of the September 2023 Offer to the 2023 Special Committee.

135. At $4.15, Houlihan noted that the September 2023 Offer represented CSP's attempt to [redacted] StarTek_000228.

136. However, CSP was still adamant that it would not accept a majority of the minority condition, [redacted] StarTek_000228. Whether it was riled by the MCI Capital Letter or the success of MCI Capital's December 2022 tender offer in December 2022,

Houlihan observed that [redacted] *Id.*

137. Discussions of CSP's September 2023 Offer continued through September 20, 2023. At a meeting of the 2023 Special Committee, representatives from Houlihan delivered a presentation of their [redacted] StarTek_000229. Furthermore, Houlihan remarked on several promising observations with respect to StarTek:

[redacted]

[redacted]

[redacted]

[redacted] StarTek_000091.

138. In light of Houlihan's preliminary valuation analysis using the Management Forecasts, the 2023 Special Committee opted to reject the September 2023 Offer.

139. Rather, the 2023 Special Committee asked for [redacted] StarTek_000230. In short, the 2023 Special Committee was prepared to sacrifice the majority of the minority condition for a lowball offer of $4.20 per share in cash, a miniscule 10.5% increase to the July 2023 Offer.

140. At the 2023 Special Committee's behest, representatives of Houlihan conveyed another counteroffer to CSP, requesting $4.35 per share in cash - without a majority of the minority condition (the "September 20 Counteroffer").

141. On September 21, 2023, during a telephonic meeting with representatives from Houlihan, representatives from CSP, in response to the September 20 Counteroffer, stated that CSP had agreed to increase its proposal by another $0.15 to $4.30 per share in cash, without the inclusion of a majority of the minority condition (the "Final Proposal").

142. At $4.30 per share, the Merger Consideration represented a meager $0.50 increase from the July 2023 Offer. However, this would be CSP's "best and final proposal." Information Statement at 15.

143. The 2023 Special Committee agreed to the Final Proposal, having only obtained an incremental price increase from CSP.

144. Over the following weeks, the 2023 Special Committee, CSP, and their advisors focused their attentions on negotiating the terms of a definitive transaction agreement based on the Final Proposal.

145. On September 22, 2023, representatives of Gibson Dunn and Latham convened to "discussed the stockholder consent process in light of the agreement between the Special Committee and CSP that there would be no [m]ajority of the [m]inority [c]ondition." Information Statement at 15. Further,

> [A] Latham representative indicated that the draft merger agreement that would be prepared by Latham would contemplate a delayed effectiveness of CSP's written consent approving the transaction, which would provide the Special Committee with a window of a duration to be determined during which the Special Committee would have the ability to consider potential competing proposals from third parties and potentially negotiate with respect to a superior proposal following signing of a definitive agreement.

Id.

146. By reason of CSP's ownership of approximately 55.9% of the Company's common stock, its extensive influence over StarTek's management and operations, and its publicly disclosed unwillingness to sell its interest in StarTek, it would have been essentially impossible for a third-party competitor to submit a successful proposal, even if CSP's Written Consent granted the Company time to receive alternative bids before consummating the Buyout.

147. Exacerbated by CSP's repeated opposition to any transaction that would require it to "sell[] its interests in the Company or approv[e] any combination of the Company with, or a sale of all or substantially all of the assets of the Company to, any other potentially interested party," Latham's belated plan was futile. Information Statement at 13.

148. On September 27, 2023, representatives of Latham circulated the initial draft of the merger agreement to Gibson Dunn. Days later, on October 2, 2023, representatives of Gibson Dunn delivered their revisions to Latham on behalf of the 2023 Special Committee, having acquiesced to most of Latham's terms. In relevant part:

> [T]he revised draft (i) proposed that CSP's written consent approving the transaction would become effective 30 days after execution of the merger agreement; (ii) provided that certain actions taken by (or the failure to take certain actions), at the direction of or with the knowledge of, CSP representatives serving on the Company's management team would not constitute a breach of the merger agreement by the Company; (iii) reflected certain changes to the representations and warranties and to the no-shop provisions as well as a narrowing in scope and nature of the interim operating covenants applicable to the Company between signing and closing; (iv) reflected a reduction of the termination fee payable by the Company to Parent under certain circumstances from 3% to 2% of the aggregate merger consideration; and (v) included an expense reimbursement provision requiring Parent to pay up to $10 million to the Company in the event Parent failed to deliver

CSP's written consent as required by the merger agreement. Information Statement at 15.

149. Crucially, [redacted] StarTek_000231. Thus, not only would there be no majority of the minority approval, but no stockholder vote at all.

150. Moreover, in line with Latham's assurances, the Company would be eligible, for one month only, to follow up on whatever alternative bids or proposals it received -- albeit without the power to solicit such offers -- notwithstanding that the Company would be compelled to pay CSP a 3-2% termination fee if the Board subsequently changed or withdrew its recommendation in favor of the Buyout.

151. Representatives from Gibson Dunn and Latham continued to exchange drafts of the merger agreement between October 5, 2023, and October 7, 2023, as fewer items remained unresolved. Thereafter, from October 7, 2023, through October 9, 2023, representatives of Gibson Dunn and Latham revised Latham's initial draft of CSP's Equity Commitment Letter, and Gibson Dunn's initial draft of StarTek's disclosure schedules.

152. On October 9, 2023, having settled all key remaining items, representatives of Latham and Gibson Dunn finalized the merger agreement and the related transaction documents.

153. At [redacted] on October 10, 2023, the 2023 Special Committee held a meeting with representatives of Gibson Dunn and Houlihan. [redacted], the 2023 Special Committee and Houlihan reviewed and considered whether to recommend that the Board adopt the final Merger Agreement and the principal terms of the Buyout:

> (i) [T]he Company's non-solicitation obligations that would allow the Board, under certain circumstances, to change its recommendation in the event of a superior proposal or intervening event; (ii) CSP's equity financing obligations; (iii) the expectation that CSP would deliver its written stockholder consent shortly after execution of the merger agreement, which would be the only stockholder approval required to consummate the potential transaction and would become effective 30 days after execution of the merger agreement; and (iv) closing conditions and termination rights and remedies. Information Statement at 16.

154. Houlihan then rendered its oral opinion that the Merger Consideration to be received by StarTek's stockholders was fair to such holders from a financial point of view. Naturally, the 2023 Special Committee unanimously approved the following resolutions attesting to so-called adequacy of the Buyout:

> [redacted]

[redacted]

[redacted] StarTek_000215-6.

155. The 2023 Special Committee hurriedly communicated its recommendation of the Buyout to the Board, at which point, the Board convened a meeting with [redacted] and representatives from Sherman, Houlihan, and Gibson Dunn in attendance. StarTek_000202. The Board swiftly and unanimously approved the Buyout, including the votes of the conflicted CSP Board members, and adopted the Merger Agreement:

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> (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to, and in the best interests of the Company and the Unaffiliated Stockholders, (ii) approved, authorized, adopted and declared advisable the execution, delivery and performance of the Merger Agreement by the Company and, subject to the effectiveness of the Sponsor Written Consent, the consummation of the transactions contemplated thereby, including the Merger, by the Company, (iii) directed that the Merger Agreement and the transactions contemplated thereby, including the Merger, be submitted to the stockholders of the Company for adoption and approval, and (iv) resolved to recommend that the stockholders of the Company approve and adopt the Merger Agreement and the transactions contemplated thereby, including the Merger. Information Statement at 17.

156. Messrs. Sharda, Chakrabarty, and Rao executed the Merger Agreement, signing on behalf of StarTek and CSP, respectively, and simultaneously availed the Board of CSP's Written Consent, providing, in relevant part:

> **WHEREAS**, the shares of Common Stock held by the Stockholders collectively represent more than a majority of the issued and outstanding shares of Common Stock and more than a majority of voting power of capital stock of the Company, and the Stockholders, acting together, are therefore permitted, pursuant to the DGCL, the Certificate of Incorporation and the Bylaws, to approve and authorize the Merger Agreement and the transactions contemplated thereby, including the Merger, pursuant to this Action by Written Consent...

157. For all intents and purposes, the Buyout was now a done-deal. "[N]o consent or vote of any other stockholder of the Company [was] required with respect to such approval or authorization." Merger Agreement at A-62.

158. [redacted] StarTek_000209, and within the hour, StarTek had issued the following press release formally announcing the Buyout:[4]

> **Startek Announces Agreement to be Acquired by Funds Managed by CSP Management Limited for $4.30 Per Share in Cash**
>
> DENVER, Oct. 10, 2023 /PRNewswire/ —Startek, Inc. (NYSE: SRT) ("Startek" or the "Company"), a global customer experience (CX) solutions provider, today announced that it has entered into a definitive agreement to be acquired by funds managed by Capital Square Partners ("CSP") in an all-cash transaction with a total enterprise value of approximately $217 million and total equity value of approximately $174 million. Under the terms of the agreement, CSP will acquire all shares of Startek common stock not already owned by CSP for $4.30 per share in cash. The purchase price represents a premium of approximately 32% to Startek's closing share price of $3.26 on October 9, 2023, the last trading day prior to public disclosure of the transaction, and a premium of approximately 50% to the closing price of the shares on the last trading day prior to announcement of CSP's non-binding acquisition proposal.
>
> On July 18, 2023, Startek received a preliminary non-binding proposal from CSP to acquire all shares of Startek common stock that it does not already own for $3.80 in cash per share. Upon receipt of this proposal, the Board established a Special

[4] Startek Announces Agreement to be Acquired by Funds Managed by CSP Management Limited for $4.30 Per Share in Cash, PR Newswire (October 10, 2023, 09:25 ET), https://www.prnewswire.com/news-releases/startek-announces-agreement-to-be-acquired-by-funds-managed-by-csp-management-limited-for-4-30-per-share-in-cash-301952337.html

> Committee consisting of independent and disinterested directors of the Board to review and consider the proposal with the assistance of independent financial and legal advisors. Following its review, the Special Committee unanimously recommended that the Board approve the merger agreement.
>
> Approvals and Timing
>
> The transaction is expected to close by the end of calendar year 2023, subject to the satisfaction of customary closing conditions. The transaction is not subject to any financing contingency.
>
> Upon completion of the transaction, Startek will no longer trade on the New York Stock Exchange and will become a private company.

VII. The Aftermath

159. The Buyout closed on January 5, 2024.

160. However, as noted, CSP's Written Consent obviated the consent, approval, understanding, or acceptance of the Company's unaffiliated stockholders:

> No further action by any other Company stockholder is required under applicable law or the Merger Agreement (or otherwise) in connection with the adoption of the Merger Agreement. As a result, the Company is not soliciting your vote for, or consent to, the adoption of the Merger Agreement and will not call a stockholders' meeting for purposes of voting on the adoption of the Merger Agreement. No action by the stockholders of the Company is required to complete the Merger and all requisite corporate action by and on behalf of Merger Sub required to complete the Merger has been taken. Information Statement at 22.

161. The result of half-hearted negotiations futilely conducted to lend the Buyout a veneer of legitimacy, CSP and the StarTek Board worked together to

extinguish all shares of StarTek's unaffiliated stockholders for woefully inadequate consideration and ensure that CSP alone would capitalize on StarTek's accelerating growth opportunities.

VIII. The 2023 Special Committee Lacked Independence

162. As discussed earlier, Messrs. Pahuja, Aboody, and Bala were appointed to the 2023 Special Committee. The Committee, despite being formed as a committee of StarTek's independent and disinterested directors to safeguard the interests of the Company's unaffiliated stockholders, lacked independence.

163. While Julie Schoenfeld was not re-elected to the Board in the aftermath of the 2022 Offer, Jerry Schafer retained his position. Yet, despite being identified by the Company as "an independent director" as recently as March 2023 and undoubtedly benefiting from the wealth of knowledge he amassed as a member of the 2022 Special Committee, Mr. Schafer was excluded from the 2023 Special Committee.

164. Instead of Schoenfeld and Schafer, Messrs. Pahuja and Bala were appointed to the 2023 Special Committee to conclude their fleeting tenures with the Company. Both Directors had been appointed to the Board by CSP in November 2022, after being nominated by the Company's CSP-controlled Governance and

Nominating Committee which, at all relevant times, consisted of Messrs. Chakrabarty, Aboody, and Sharda.

165. According to the Proxy Statement filed on October 12, 2022, Mr. Pahuja was promoted as a veteran in the financial technology ("Fintech") space, having served in leadership roles at ZaloPay, Nium Pte. Ltd, and PayPal, some of the world's leading providers of digital wallet services: "The Board believes that Mr. Pahuja's varied business experience brings valuable expertise to the Board which can assist the Company with its strategic growth initiatives." *Id*. at 7.

166. Likewise, Mr. Bala was lauded as a candidate by reason of his vast experience in the IT and ITeS space: "The Board believes that Mr. Bala's significant experience as a leader in the business process outsourcing industry brings valuable expertise to the Board and will assist the Company with its global operational and strategic growth initiatives." *Id.* at 7.

167. Despite the Company's claims to the contrary, none of the Company's new Board members were "independent" or "disinterested." Each new Board member had some form of allegiance to CSP and/or CSP's executives.

168. For example, Mr. Bala has significant, long-term ties to Mr. Banerjee, a CSP director, due to their time together at Wipro. Mr. Bala, having joined Wipro in or around 1989, spent nearly two decades working together with Mr. Banerjee in

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overlapping divisions, before both men were reunited at StarTek. Not only is Mr. Banerjee an Operating Partner at CSP, but he serves on the board of directors for several other CSP-controlled companies.

169. The longevity of Mr. Bala's relationship with and allegiance to Mr. Banerjee is cause for concern, casting a long shadow on his status as a purportedly independent member of the Board and a member of the 2023 Special Committee.

170. Mr. Pahuja's kinship with Mr. Chakrabarty, Founder of CSP, was even more extensive. After meeting in 2000 during their overlapping attendance at Slippery Rock University of Pennsylvania, Messrs. Pahuja and Chakrabarty went on to co-found MobiApps, "a technology company that built products and services based on a patent protected radio frequency semiconductor chip for satellite communications." Information Statement at 52. Mr. Chakrabarty served as President and CEO while Mr. Pahuja served as CTO and COO. Together, they led MobiApps "from start-up to a strategic exit to a NYSE listed company in 7 years." *Id.*

171. Over the years, Messrs. Pahuja and Chakrabarty would continue to maintain their friendship, offering each other public words of encouragement and praise.

172. The longevity of Mr. Pahuja's dealings and association with Mr. Chakrabarty belies claims of Mr. Pahuja's independence and calls the integrity of the 2023 Special Committee into question.

173. Neither the Information Statement, nor the Section 220 Production disclosed Mr. Pahuja's deep ties to Mr. Chakrabarty or MobiApps. Yet, StarTek has repeatedly and publicly touted Mr. Chakrabarty's role with MobiApps.

174. Out of deference to their relationships with Messrs. Banerjee and Chakrabarty, Messrs. Pahuja and Bala were partial to CSP during merger negotiations, to the obvious detriment of StarTek's minority stockholders.

175. The 2023 Special Committee's complete reliance on the conflicted Management Forecasts further illustrates this point. The Management Forecasts were prepared by conflicted StarTek management and there is no doubt that "representatives of CSP…serve as members of the Company's management team." Information Statement at 8.

176. As noted, [redacted], and [redacted], as StarTek management, prepared the forecasts and were [redacted]

177. Even so, the 2023 Special Committee committed Houlihan to conduct its financial due diligence of the Company and evaluate the fairness of CSP's various

offers -- and the Merger Consideration -- based on these Management Forecasts, knowing that the Management Forecasts were presumably tainted and untrustworthy. In so doing, the 2023 Special Committee further compromised the integrity of the merger negotiations.

178. This was only possible because the 2023 Special Committee had rid itself of the two members of the 2022 Special Committee most likely to defy CSP and jeopardize its endgame.

179. Likewise, the 2023 Special Committee retained entirely new legal and financial advisors, foregoing the services of Freshfields and Foros.

180. Foros's services as an independent financial advisor remained available. Yet, in spite of Foros's apparent head start and familiarity with the dynamics and operations of both CSP and StarTek, it wasn't even considered by the 2023 Special Committee. This fact alone is telling.

A. The Circumstances of the CSS Transaction Were Problematic

181. Further complicating the Buyout and the interplay between the Company and CSP is the matter of the call options that the Company agreed to with CSP. In connection with the Company's original investment, the Company also entered into a call option agreement with CSP EAF Fund LP on February 19, 2021, and a call option agreement with CSP Management Limited on February 21, 2021

(collectively, the "Option Agreements"). The Option Agreements provided the Company the right (but not the obligation), to acquire all of the interest in CSS Corp LP held by CSP EAF Fund LP and CSP Management Limited. However, Startek made little effort to exercise these options.

182. On December 27, 2022, CSS Corp LP redeemed in full all of the partnership interests held by CSP Alpha Holdings Pte. Ltd., a subsidiary of Startek, in CSS Corp LP for a cash redemption price of $45,683,333 paid to CSP Alpha Holdings Pte. Ltd. in the CSS Transaction. Following the CSS Transaction, CSP Alpha Holdings Pte. Ltd. ceased to be a limited partner of CSS Corp LP. In connection with the CSS Transaction, the Company determined that it will not be exercising the call options provided for by the Option Agreements.

183. The Option Agreements appear on their face to be a further example of the Company acquiescing to the interests of its controller. The option itself cost StarTek $5 million when it was created. It's impossible to know if StarTek paid a fair price here. Clearly, if these options were out of the money, $5 million appears a high price to pay. However, even if the options were in the money, the purchase price for those options would have likely been less than $5 million. Given the fact that StarTek did not seek to exercise the Option Agreements, it is more likely that the Option Agreements were a vehicle to pay the controlling shareholder $5 million

for an option that was worth significantly less than $5 million and was highly likely to never be in the money. However, the problems with these options are not limited to just the amount that StarTek paid.

184. The circumstances of the Option Agreements become even more confusing when viewed through the prism of the CSS Transaction. StarTek made little effort to exercise these options. Instead, it appears that Company determined that it would not be exercising the call options provided for by the Option Agreements after receiving $46 million as part of the CSS Transaction. Here, the $46 million was not adequate consideration for what StarTek, through its subsidiary, sold. These options were worth significantly more, and the Company's decision to sell these for only $46 million further evidences a Company and Board seeking to benefit Startek's controller. That pattern would emerge again in connection with the Buyout.

IX. The Buyout Consideration Is Grossly Unfair

185. StarTek's fundamentals were sound. But, as the product of unfair dealing and a tainted negotiation process, the $4.30 per share consideration that was paid to Class members was unfair and inadequate. Moreover, the Merger Consideration reflects an unequivocal discount to the intrinsic value of StarTek's common stock:

186. *First,* Houlihan conducted its financial analyses using the inherently tainted Management Forecasts. As noted, the Management Forecasts were principally developed by CSP executives in their roles as members of StarTek management and failed to reflect the Company's true operating and financial prospects. The Information Statement (at 30) disclaims, in no uncertain terms, that:

> Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

187. In other words, Startek's conflicted management was given *carte blanche* to prepare the Management Forecasts autonomously and unrestrictedly, and for the express purpose of facilitating the Buyout process. This should have been an obvious red flag to indicate to the 2023 Special Committee and Houlihan that the Forecasts should be taken with a grain of salt.

188. It is important to note that the CSP executives, in their roles as members of StarTek management, did not generate the Management Forecasts in the ordinary course of business, but at a time when CSP was attempting to negotiate with the 2023 Special Committee. Not only does this impugn the legitimacy of the Management Forecasts and the Special Committee process, but the implied per-

share value reference ranges Houlihan calculated using these tainted Management Forecasts are also consequently tainted.

189. Houlihan's Discounted Cash Flow Analysis ("DCF Analysis") for StarTek was prepared "by calculating the estimated present value of the projected unlevered, after-tax free cash flows of the Company based on the Management [Forecast]." Information Statement at 28. However, so long as Houlihan calculated StarTek's growth rate using the revenue estimates reflected in the Management Forecasts, the DCF Analysis was inaccurate and unreliable.

190. For example, the Company appears to have concealed recent growth initiatives by Startek Honduras, SAdeCV ("StarTek Honduras"), the Company's Honduran subsidiary. In recent months, StarTek Honduras underwent a massive recruitment drive, with plans to recruit hundreds of representatives for December 2023 alone. Such an undertaking alone would be expected to increase StarTek's revenues by as much as $27 million year-over-year.

191. In fact, barring any unforeseen threats to the Company's operations, StarTek should have anticipated much more positive growth going forward. Indeed, according to the Company itself, declines in the Company's growth were overblown or nonexistent. As recently as November 2023, the Company had claimed that any decreased revenue from StarTek's geographic segments was temporary:

> Revenue decrease in India and Sri Lanka region was primarily led by volume declines with a food delivery client and rate negotiations with a business service client. This decline was partially offset by an increase in other e-commerce and financial services clients where we continue to gain wallet share and ramp with recently added international clients.
>
> Revenue in Australia declined due to lower volumes with a financial services clients where underlying volumes have declined given the prevailing interest rates.
>
> South Africa revenue declined due to lower volumes with a domestic telecom major.
>
> Revenue in rest of world decreased due to movement of revenues from Peru to Argentina as there are continuing restrictions on making international payments from Argentina. StarTek 3Q2023 Form 10-K at 31.

192. Likewise, any decreased revenue from StarTek's industry verticals was also attributed to short-term issues:

> Telecom vertical reported marginal declines in revenue in the current quarter compared to the prior period. This was led by lower revenue with the South African telecom client which was partially offset by continuous momentum with our other telecom majors based in the United States.
>
> E-commerce vertical reported lower year-on-year revenue due to lower volumes with a food delivery client in India. We continue to maintain momentum with other clients in this segment.
>
> The Financial & Business services vertical continues to perform steadily as we strengthen our partnership with key clients in these verticals. The decline in the current period was due to rate negotiation with a business services client.
>
> …

> While the travel sector witnessed improvement in volumes and new wins, the year-on-year marginal decline was driven by temporary decline in volumes with a client in Australia.
>
> The marginal decline in revenue in Healthcare & Education is primarily due to shift of volumes to near shore delivery geographies. StarTek 3Q2023 Form 10-K at 31.

193. In this regard, during an earnings call in August 2023, StarTek's management emphasized the Company's potential growth:

> Bharat Rao: I wanted to dive a bit deeper into our growth initiatives. As I mentioned earlier, our strategy of consolidating our sales and digital teams under one umbrella of group reporting into our Chief Growth Officer, is beginning to show results. If you look at the momentum we've already generated in the first half of 2023, we have more than doubled our new logo wins from 2021 and have already reached 75% of the total new logo wins we had in all of 2022.
>
> In quarter two alone, we signed 14 new campaigns and four new logos. Our year-to-date new logo wins have a contract value in excess of $57 million. We firmly believe that we are well positioned to capitalize on the opportunity in the long term and weather short-term headwinds. With uncertainty persisting in the global macro economy, we are seeing longer sales cycles and delayed decision-making with current and potential clients.
>
> With cost reduction being at the forefront of many discussions with customers, we believe the investments we have made to expand our nearshore and offshore services positions us well. We are able to provide a compelling offer that can reduce a company's expenses, while simultaneously enhancing the overall customer experience.
>
> To further supplement these conversations, we are also focusing on expanding our technological capabilities through continued internal investment, along with entering into advantageous

> partnerships. Looking at the game-changing technology like AI, we need to ensure we remain at the forefront of leveraging this appropriately and passing on the efficiencies to our clients.
>
> We are in discussions with our digital partners to build modules around AI that can further help us elevate agent performance, efficiency and engagement. We are also building vertical-specific models alongside Startek Cloud and Startek AI platforms, leveraging our deep expertise in select verticals to enable transformation solutions.

194. Contrary to their representations to the 2023 Special Committee during merger negotiations, Startek management clearly saw and appreciated the Company's massive upside potential. Moreover, it appears that StarTek management had already devised a plan to ensure the success of the Company's growth initiatives while also bypassing several anticipated headwinds.

195. *Second,* the Merger Consideration is markedly lower than the median price target of $4.75 set by Wall Street analysts. For example, in the months preceding the Buyout, Barrington Research Associates, Inc. ("Barrington Research"), an equity analyst following StarTek, remarked on what it considered to be the Company's fair value and upside potential, including an "outperform" rating and a $5.50 per share price target:

> • Recent results: Net revenue in the first quarter decreased 8.9% to $92.1 million, primarily due to the ramp down of a cable & media client last year, softness with a client in the hyper-scale space and the impact of FX rates, offset by a healthy performance across the company's e-commerce and banking, financial

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services and insurance verticals, above our estimate of $89.0 million. Adjusted EBITDA from continuing operations decreased 7.3% to $8.3 million, slightly below our estimate of $8.5 million. Adjusted net income from continuing operations decreased 19.1% to $2.2 million, or $0.06 per diluted share, slightly below our estimate of $2.5 million, or $0.06 per diluted share.

• New business wins: During the first quarter, Startek had a total of 12 new business wins with total contract value (TCV) of more than $50 million. Five of the wins were new logos across the utilities, e-commerce, healthcare and insurance (BFSI) verticals, up sequentially from two new logos in Q4/22, 12 in all of 2022 and four in all of 2021. The remaining seven first quarter wins included providing new services and additional volumes to existing clients. Management said it has a strong pipeline of new sales leads that it believes will allow the company to exceed its 2022 new logo wins in 2023.

• Balance sheet significantly improved: On March 31, total cash was $24.9 million, down from $72.4 million on December 31, driven by the utilization of $41 million in proceeds received from the divesture of CSS Corp. in December to prepay debt. Total debt decreased 25.7% to $130.7 million from $175.9 million on December 31. After the quarter's close, Startek used the net proceeds from the sale of Contact Center Company (CCC) in April to prepay another $55 million in debt, thereby reducing total debt by $100.4 million (or 57%) since the beginning of the year. As a result, Startek's net leverage ratio has fallen to 1.3x currently from 2.7x on December 31. Management expects its leverage ratio to continue to move down as the company expands its EBITDA base along with using expected proceeds from its planned divestiture of its Argentina operations to further pay down debt. Also, after the quarter's close on April 26, Startek announced its Board of Directors authorized a new $20 million share repurchase program. Management said it believes that its shares represent an attractive investment opportunity at the

> prevailing share price and, therefore, expects to begin utilizing the repurchase program as soon as possible.
>
> • Recommendation: While there have been quite a few moving pieces over the past year or so, we believe the company is on the right path towards profitable growth and delivering sustainable value to shareholders. We continue to be intrigued by the available runway in the global CX outsourcing market ($100 billion in 2021), the company's high-growth verticals, a higher mix of nearshore and offshore delivery (driving gross margin expansion) and its recently strengthened balance sheet. Trading at 4.3x our 2023 estimate of adjusted EBITDA, a discount to its peer group which averages 6.3x, we are reiterating our OUTPERFORM investment rating and $5.50 price target, which assumes a 6.2x multiple on forward adjusted EBITDA a year from now and representing more than 70% upside from current levels.

196. Similar sentiments recognizing StarTek's optimized performance and increased profitability were echoed in all of Barrington Research's subsequent reports analyzing StarTek's performance, until October 10, 2023, when the Company formally announced the Buyout.

197. CSP clearly took advantage of StarTek's discounted trading price at the expense of the Company's unaffiliated stockholders.

198. Each member of the Class, including Plaintiffs, has been damaged as a direct result of Defendants' actions.

<u>FIRST CAUSE OF ACTION</u>
For Breach of Fiduciary Duties
(Against the Individual Defendants)

199. Plaintiffs repeat and reallege the foregoing allegations, as if fully set forth herein.

200. The Individual Defendants, as directors, officers, and/or controlling stockholders of StarTek, owed fiduciary duties to StarTek's public, minority stockholders, including Plaintiffs. The Individual Defendants violated these fiduciary duties, acted disloyally, in bad faith, and without due care, failed to take adequate measures to ensure that the interests of StarTek's minority stockholders were properly protected in connection with the Buyout, failed to act reasonably to obtain the highest Merger Consideration for the minority stockholders' StarTek shares, and failed to provide adequate or fair consideration in the Buyout.

201. The Individual Defendants served their own interests and the interests of CSP at the expense of the minority stockholders to which they owed fiduciary duties. As such, they breached their duty of loyalty, as well as their duties of care, good faith, and fair dealing.

202. The Buyout is subject to entire fairness review because StarTek's controlling stockholder, CSP, stood on both sides of the transaction.

203. The *M&F Worldwide* factors are inapplicable, and thus deviation from entire fairness review is unwarranted.

204. The Buyout was not entirely fair as to price and process.

205. By the acts, transactions, and courses of conduct alleged herein, the Individual Defendants, as part of a common plan, unfairly deprived Plaintiffs and the Company's public, minority stockholders of the fair and true value of their StarTek investments.

206. Plaintiffs and the other members of the Class were consequently damaged thereby, and have no adequate remedy at law.

<u>SECOND CAUSE OF ACTION</u>
For Breach of Fiduciary Duties
(Against CSP as Controlling Stockholder)

207. Plaintiffs repeat and reallege the foregoing, as if fully set forth herein.

208. Defendant CSP, as the controlling stockholder of StarTek, owed fiduciary duties to the Company's public minority stockholders. Defendant CSP violated these fiduciary duties, acted disloyally, in bad faith, and without due care, failed to take adequate measures to ensure that the interests of StarTek's minority stockholders were properly protected in connection with the Buyout, and failed to provide adequate or fair consideration in the Buyout as a result of conflicts of interests as set forth herein.

209. Defendant CSP served its own interests at the expense of the minority stockholders to which it owed fiduciary duties. As such, it breached its duty of loyalty, as well as the duties of care, good faith, and fair dealing.

210. The Buyout is subject to entire fairness review because CSP stood on both sides of the transaction.

211. The *M&F Worldwide* factors are inapplicable, and thus deviation from entire fairness review is unjustified.

212. The Buyout was not fair as to price and process.

213. By the acts, transactions and courses of conduct alleged herein, CSP deprived Plaintiffs and other members of the Class of the true value of their StarTek stock.

214. As such, Defendant CSP breached the fiduciary duties it owed to StarTek's public minority stockholders.

215. By reason of the foregoing, Plaintiffs and the other members of the Class were consequently damaged thereby, and have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment against Defendants, jointly and severally, as follows:

A. Declaring this action to be a class action and certifying Plaintiffs as the Class representatives and Plaintiffs' counsel as Class Counsel;

B. Rescinding the Buyout and/or awarding rescissory damages;

C. Directing Defendants, jointly and severally, to account to Plaintiffs and the Class for all damages suffered by them as a result of the wrongs complained of herein;

D. Awarding Plaintiffs the costs and disbursements of this action, including a reasonable allowance for the fees and expenses of Plaintiffs' attorneys and experts; and

E. Granting such other and further relief as may be just and fair in the premises.

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Dated: May 31, 2024

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