

Optical Networking

Bangalore, India

• Indian Telecom Co. Tejas Networks Calls Up \$20 Series DBy Erica R. Davis

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Already cash-flow break even, telecommunications optical networking equipment company Tejas Networks India Ltd. raised \$20 million in new Series D equity financing in order to expand its operations.

This funding round was led by new investor Sandstone Capital, an India-focused real estate and equity investment management fund based in Boston. Existing investors Dr. Gururaj "Desh" Deshpande, Battery Ventures and Intel Capital also participated in the round, along with a new co-investor, SUN Technologies, which hosts Web sites and online business applications.

The company most recently raised a \$17 million Series C, led by Battery Ventures, which closed in December 2004 and again in May 2005. Tejas has raised about \$49 million to date, said Battery Ventures Partner Carl Stjernfeldt, a Tejas board member.

Bangalore, India-based Tejas, which does not have a U.S. or European office, has developed SDH/SONET optical telecom equipment that enables telecom carriers to converge traditional voice-based networks with data-dominated networks.

The company sells its products directly in India and through original equipment manufacturers in other parts of the world. "The company proved it can execute on this model, financially and technically," Stjernfeldt said. The company is already cash flow break even, and this money is purely for scaling operations, he said.

The funding was done at a "significantly up" valuation, Stjernfeldt said. The company has more than 10,000 installed systems and an OEM agreement with a Tier 1 telecom equipment provider, he said. Tejas has between 300 and 400 employees.

"They're using an OEM model, leveraging technical knowledge and inexpensive resources in India. The new business model is turning out very well," Stjernfeldt said.

Stjernfeldt estimates that Tejas may float on an Indian stock market in 18 to 24 months.

<http://www.tejasnetworks.com>