

February 3rd, 2016

To the Shareholders of Cemtrex Inc.,

This year Cemtrex increased its book value per share by \$.46 or 112%. Since 2011, when present management assumed control, our book value per share has grown from \$.01 to \$.88, or a CAGR of 128%. Our net income, in fiscal 2015, was \$2,838,116 or \$.42 per share, an increase of 6% over last year. Our 5 year CAGR for our annual net income is 23%. Our return on our beginning equity for this year was 78%. Our three-year average return on equity is 116%.

This year was a milestone year for Cemtrex as the Company finally qualified in June, to be uplisted from the OTC Exchange to the Nasdaq Capital Markets exchange. The uplisting now allows the Company to: 1) Garner long term high quality retail and institutional investors in our stock 2) Receive improved terms at which we are able to source capital and facilitate growth in the value of Cemtrex. We are pleased with the results to this point. Our average daily volume of shares traded has increased more than tenfold over the last 12 months and we have seen the number of the Company's shareholders increase by 50% since listing on NASDAQ.

We are continuing to execute our growth strategy for Cemtrex by operating in businesses that we believe have strong economic characteristics over the long term. We strive to organically grow the top line of the businesses that we already own by 10-20% annually over a three to five-year period. Regarding our inorganic growth strategy, in addition to strong economic characteristics, we buy businesses that we believe can provide some kind of value addition and can be acquired at a fair price when viewed from private ownership.

Environmental Operations

Cemtrex's Environmental Products & Services Group has experienced increased revenue during this past year. This growth was primarily driven by on-going demand for our products in South East Asian countries like Indonesia, Malaysia, India, Thailand, and Vietnam. To attain some perspective on these markets, India, for example, has developed its installed Non-Renewable energy capacity by roughly 50 GW over the past two years alone and expects to add up to 1200 GW of capacity by 2050 – that is roughly the size of the present US electricity generating capacity. Other countries in the region are similarly ramping up their capabilities to meet mounting energy demand. All this additional capacity requires support from industries like cement, steel, asphalt, chemicals, and oil & gas, among others, to manufacture the technology and infrastructure needed to support this vast requirement. Fortunately for us, all of these related industries typically require environmental and air filtration equipment along with emission monitors and other ancillary equipment in which we have tremendous engineering and low cost manufacturing expertise. Our outlook for this market is quite bullish over the long term however in any given year we are held to various market & geo-political conditions that can delay projects and hence impact our pursuit of profitable growth. We are additionally pursuing projects in the renewable technology space and are currently in talks to set up solar power plants in India. However, these projects are still in the negotiation phase and are subject to obtaining financing. As they become more concrete we will announce our progress.

In the United States, we also see a favorable long term market. Although we believe the oil and gas industry was the largest driver for domestic industrial growth over the last few years, we are seeing other industries like automotive, construction, cement, and utilities continue to be the driver for our expansion over the next few years. We view the challenges in the oil and gas market to be cyclical in nature and anticipate that the long term prospects driven by fracking will lead to additional opportunities as that industry comes back in a few years' time. There is also a renewed interest in curbing greenhouse gases and while there is still a debate about how best to do this, many companies and industries globally are taking the first step of installing monitoring systems to meet global reporting standards. We believe that the timing could not be better for the release of our new product, the IS 2500, which provides many industries a cost effective way to measure gaseous exhaust.

On a separate note, several years ago Cemtrex developed VAMOX technology for the sequestration of methane in a niche application relating to ventilation from coal mines. This technology proved economically viable however it turned out that we were ahead of the market. The product's viability depended on a cap and trade system for greenhouse gas (CO2) reduction. The VAMOX system generates carbon credits for companies operating coal mines, by destroying low level methane. The revenue from the sale of these credits provides profitable cash flow for these companies after paying for the cost of the VAMOX system within 3 to 4 years. Hence our VAMOX systems allows coal companies to monetize their non-operating assets in a new compelling way. However, the cap and trade system was never implemented in the US and so the price of carbon credits never made the product financially attractive. Fast forward eight years and now there are serious talks in China about implementing such a system in 2017. Should this take place it would create an enormous opportunity to take this proprietary technology there and additionally the United States will likely follow suit to implement its own cap and trade system. With cap and trade in place, thousands of potential US coal mines, and a starting price of \$2,000,000 for a single VAMOX system, this could easily become a multi-billion-dollar market in which Cemtrex is one of only two companies in the world that has the technology to go after this market. We are eagerly watching how this plays out.

Finally, with the acquisition of Advanced Industrial Services in December 2015, we will now be combining these operations into one group with our existing environmental business and it will be labeled the "Industrial Products & Services" group moving forward.

Electronics Operations

Our Electronics Manufacturing Services Group continues to focus on increasing its top and bottom lines. The group had a decline in revenues largely due to a decline in the valuation of the EUR compared to the USD. It was also affected by postponement of certain orders by few customers from fiscal 2015 to fiscal 2016. Overall we view the decline of the Euro vs the Dollar over the past year to be a positive factor for our business. Our EMS business is predominantly dependent on the European economy and particularly the export oriented Germany economy. A weaker Euro means a better environment for German OEMs to continue growing their businesses globally and this is ultimately good for our business. This sets the stage for a deeper product entrenchment within our potential end customers over the long term. Ultimately, we are more concerned with the long term prospects for the business rather than short term impact of consolidation under USD.

Our EMS business is in the early stages of experiencing many new growth opportunities. In this business we provide turn key product development solutions from the idea stage through to design box builds and full contract manufacturing. We assist many German and Swiss OEMs in this process, some of whom

are market leaders in their respective product segments. As their sales continue to increase, our business will also increase. This past year alone we had approximately \$5 million in revenue attributed to new product introductions. We view this as an outstanding result because this represents over 100 different products which are in the infancy of their product life cycle, with potential for higher sales over the next few years. The industries primarily responsible for these new product introductions consist of medical devices, heavy automotive, automation, wearables, and industrial technology.

Additionally, we continue to expand our capabilities to provide low cost manufacturing through our Romanian operation. This operation gives us a competitive manufacturing advantage in the European market as we can compete with Far East suppliers when the ultimate decision for purchasing comes down to price. Overall we are quite encouraged by the prospects for this business to deliver long term higher returns.

Acquisitions

As we have informed our shareholders in the past we are acquisitive minded with respect to growing Cemtrex. Our experience over the last decade has left a strong impression on us that if we focus on utilizing all our available capital in the pursuit of only organic growth, there will be unavoidable challenges due to the cyclicity of the markets in which we operate. If we had solely chosen to focus on the oil & gas business where we were seeing compelling opportunities since 2012 I am confident that we would not have been able to maintain the kind of growth that we have achieved over the past 18 months. Hence we pursue a two-pronged approach whereas we utilize a portion of available capital for organic growth and additionally look to deploy capital to acquire good businesses that can broaden the base from which we derive earnings. We believe this two prong approach will allow us to achieve a superior return on equity over the long run.

We recently completed an important acquisition of Advanced Industrial Services (AIS), a 30-year-old broad based industrial services company. I am pleased to tell you that this company immediately struck us as a great opportunity. The company has over a 120 employees and provides nationwide services to major industrial clients like PPG, Bemis, Volvo, etc., most of whom differ from our existing customer base. Upon meeting both Mike Yergo and Kris Mailey, the two founding and majority principals, we were impressed by the reputation of their firm, the enormous effort they put in to create value for their customers, and the quality of their people. They were also enormously committed and loyal to their employees, a quality that we treasured and matched with our own ideals. AIS has a superb management team in place, headed by Jim Heinrichs, who is supported by Mike Hall, and Al Knisely. Our shareholders should be thrilled about having these three gentlemen running the business moving forward. They are extremely dedicated, hard-working, and are eager to take this business to the next level. Kris has now begun his retirement and Mike will stay with the company in an advisory capacity.

We are excited by the prospects for the industrial services sector. The trends in this sector and business all point toward long term growth. Many manufacturers and industrial plants are leaning more on outside contractors for their maintenance and contracting requirements as it can be too costly to keep employees on payroll. AIS plays directly into this trend. One interesting fact is that one of AIS' first employees has reported to the same customer's facility for the last 30 years every single day despite the plant being sold to multiple owners along the way. That's how much customers value the service AIS brings to the table. The company has made a concerted effort to grow its business in the packaging industry and we see this as the area where we can expect strong revenue opportunities over the next few years.

AIS also brings value addition to Cemtrex's existing businesses. A challenge that we often face when selling our industrial air filtration equipment domestically is that many customers want a turn-key solution. To this point we had historically worked with general contractors responsible for installing our finished product in a given customer's facility which limited our ability to control the sale of our product. If the general contractor we quoted to lost the bid to their customer then there would be no shot for us even if we were competitive. With the capabilities of AIS within our own organization we have a new competitive advantage to go out and obtain these jobs directly as a turn-key supplier. Additionally, we believe that with this ability we will be able to achieve enhanced margins on many of our future projects. Both companies will also be able to reach into each other's customer portfolio to find new opportunities where they can be of value.

We had announced a second acquisition that we are currently pursuing of an industrial air filtration company that is located in California. The details of the deal were discussed in the press release regarding the transaction so I will not rehash them here. Currently, we are still in the due diligence phase of this transaction and expect that if we are to move forward with the deal that it will take another few months to complete.

Miscellaneous

Our increase in book value per share is dramatic and due in part to our utilization of attractive debt which is applied when and where we believe it makes sense and is appropriate. There will, often times, seem like we have an enormous amount of debt on our balance sheet. However, we will only bring on new debt into the company when we are also adding a large earnings base to go along with it. I want to emphasize that we are quite cautious and conservative when undertaking debt obligations. We believe in healthy amortization schedules that under strained economic circumstances can easily cover the repayment obligations, both principal and interest, with money left over for the business.

Cemtrex has issued approximately \$2M in convertible debentures over the last several months to provide funding for continued growth and acquisitions. In order to continue executing our strategy we needed additional capital and this was essential in closing our acquisition of AIS on December 15th 2015 and for future planned acquisitions. From our point of view, dilution due to debentures is only undertaken if we are able to utilize the additional funds to generate a greater return on our equity than would be otherwise available to us if we did not have those funds. As we grow and start having access to additional sources of capital that are better, then we will avoid such convertible deals. Alternatively, we may pursue a shelf registered offering so that we can be ready should a compelling opportunity present itself in the future. If shareholders are interested in participating in such an event than be sure to reach out to investors@cemtrex.com to let us know and we will contact you when it is appropriate.

At Cemtrex we constantly strive to create value for our shareholders and during the last five years Cemtrex has been one of the fastest growing, profitable, US-based, public industrial companies in terms of the Revenue Growth % while delivering a high Average Return on Equity %. With Cemtrex management retaining close to 65% of common stock, both existing and prospective shareholders should be at ease knowing that we treat your cash like our own cash, because we have just as much at stake. We are in this for the long haul and have no intention of selling in the short term while we believe that holding out for the long term will reap far greater returns. As we have been able to create enormous value in such a short period of time, we are confident that we can continue to deliver strong results into the future. We believe that as we continue to take our business to the next level and



continue to tell the Cemtrex story more widely, our market value will more adequately reflect our growth and value prospects compared to our peers. With ample opportunities in front of us and new ones cropping up every day, there is no doubt in our mind that we can repeat the same philosophy and approach from the last five years over the next five years to create enormous value for the shareholders of Cemtrex.

As always we want to reiterate that we try to be accessible to all our shareholders and you can reach us by emailing investors@cemtrex.com with any questions or comments that you have.

Sincerely,

Saagar Govil
Chairman and CEO
Cemtrex Inc.

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