UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the fiscal year ended September 30, 2019
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

Commission File Number 001-37464

CEMTREX, INC.
(Exact name of registrant as specified in its charter)

Delaware	30-0399914
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
276 Greenpoint Ave. Suite 208	11222
(Address of principal executive offices)	(Zip code)

Registrant telephone number, including area code: 631-756-9116

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.001 par value per share	The NASDAQ Stock Market LLC
Preferred Stock, Series 1 $0.001 par value per share	The NASDAQ Stock Market LLC
Series 1 Warrants	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of March 31, 2019, the number of the registrant's common stock held by non-affiliates of the registrant was 1,064,933 and the aggregate market value $4,239,752 based on the average bid and asked price of $4.00 on March 31, 2019.

As of January 7, 2020, the registrant had 4,527,889 shares of common stock outstanding.

Documents Incorporated By Reference

Information required by Part III of this Annual Report on Form 10-K is incorporated by reference to portions of our definitive proxy statement for our 2019 annual meeting of stockholders which we will file with the Securities and Exchange Commission.

CEMTREX, INC. AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). Any statements contained in this Annual Report on Form 10-K, other than statements of historical fact, including statements about management’s beliefs and expectations, are forward-looking statements and should be evaluated as such. These statements are made on the basis of management’s views and assumptions regarding future events and business performance. These Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this report, including the risks described under “Risk Factors” and any risks described in any other filings we make with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report.

Management’s discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

ITEM 1. BUSINESS

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal growth from a small environmental monitoring instruments company into a world leading multi-industry technology company. The Company has expanded in a wide range of sectors, including smart technology, virtual and augmented realities, advanced electronic systems, industrial solutions, and intelligent security systems. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Cemtrex” or “management” refer to Cemtrex, Inc. and its subsidiaries.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2019, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. Accordingly, the Company has reported the results of the Electronics Manufacturing business as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets. These changes have been applied for all periods presented. During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business, which was part of Industrial Services group. Accordingly, the Company has reported the results of the environmental control products business as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets.

Now the Company has two business segments, consisting of (i) Advanced Technologies (AT) and (ii) Industrial Services (IS).

Advanced Technologies (AT)

Cemtrex's Advanced Technologies segment delivers cutting-edge technologies in the IoT, Wearables and Smart Devices, such as the SmartDesk. Through the Company's advanced engineering and product design, they deliver progressive design and development solutions to create impactful experiences for mobile, web, virtual and augmented reality, wearables and television as well as providing cutting edge, mission critical security and video surveillance. Through its Cemtrex VR division, the Company is developing a wide variety of applications for virtual and augmented reality markets.

The AT business segment also includes the Company's subsidiary Vicon Industries, which provides end-to-end security solutions to meet the toughest corporate, industrial and governmental security challenges. Vicon's products include browser-based Video monitoring systems and facial recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices.

Industrial Services (IS)

Cemtrex's IS segment, offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. We install high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals among others. We are a leading provider of reliability-driven maintenance and contracting solutions for the machinery, packaging, printing, chemical, and other manufacturing markets. The focus is on customers seeking to achieve greater asset utilization and reliability to cut costs and increase production from existing assets, including small projects, sustaining capital, turnarounds, maintenance, specialty welding services, and high-quality scaffolding.

Recent Developments

Reverse Stock Split

On May 28, 2019, the Company filed the Charter Amendment with the Delaware Secretary of State to effect a 1-for-8 reverse split of the outstanding shares of the Company's common stock (the "Reverse Stock Split"). As a result, every eight outstanding shares of the Company's common stock combined automatically into one share of common stock. Each stockholder's percentage ownership in the Company and proportional voting power remains unchanged after the Reverse Stock Split, except for minor changes and adjustments resulting from the treatment of fractional shares. On June 13, 2019, the Reverse Stock Split became effective and that trading in its common stock on the NASDAQ Capital Markets Exchange on a split-adjusted basis began on the morning of June 13, 2019. All share amounts and per share amounts have been adjusted to reflect the reverse stock split in the prior periods presented.

Vicon Industries, Inc.

On March 23, 2018, in a private resale transaction, Cemtrex purchased 7,284,824 shares of common stock and a warrant to purchase an additional 1,500,000 shares of common stock of Vicon Industries, Inc. (OTCMKTS: VCON), ("Vicon"), from a former Vicon shareholder NIL Funding Corporation, pursuant to the terms of a Securities Purchase Agreement. Cemtrex's purchase of the Vicon Industries common stock and warrant resulted in its beneficial ownership of approximately 46% of the outstanding shares of common stock of Vicon. Cemtrex purchased the shares of common stock and warrant of Vicon Industries in exchange for 126,579 shares of Cemtrex common stock. Following the closing of the transaction, Saagar Govil, Cemtrex's Chairman and Chief Executive Officer, and Aron Govil, Cemtrex's Executive Director, joined the Vicon Industries Board of Directors and Saagar Govil assumed the position of Chief Executive Officer of Vicon Industries. Following the resignation of all other Board members by January 2019, the Company had elected to account for Vicon using the consolidation method. On May 13, 2019, the Company acquired 15,000,000 shares of Vicon common stock in exchange for $300,000 in consideration. The Company now owns approximately 72% of Vicon's outstanding shares of common stock. The company accounts for Vicon using the consolidation method of accounting.

ROB Cemtrex GmbH and Subsidiaries

On August 15, 2019 the Company sold its Electronics Manufacturing business consisting of its subsidiaries ROB Cemtrex GmbH, ROB Systems Srl, ROB Cemtrex Assets UG, ROB Cemtrex Logistics GmbH (the "Disposition") to a third party for total consideration of €6,367,199, ($7,061,224 based on the exchange rate on the date of Disposition). The Company received cash , net of expenses,of €2,294,903, ($2,537,895 based on the exchange rate on the date of Disposition), A note payable in the amount of €1,500,000, ($1,663,500 based on the exchange rate on the date of Disposition), this note bears interest of 3% and is due one year form the date of disposition, A note payable in the amount of €1,350,000, ($1,497,150 based on the exchange rate on the date of Disposition), this note bears interest of 3% and is due two years form the date of disposition, and the payment of certain liabilities held by the disposed subsidiaries of €1,222,296 ($1,362,697 based on the exchange rate on the date of Disposition).

Griffin Filters, LLC

On August 31, 2019, the Company entered into an Asset Purchase Agreement for sale of Griffin Filters to Ducon Technologies, Inc., a related party, for total consideration of $550,000.

Business Strategy

We intend to continue utilizing our resource capabilities to deliver exceptional value for our customers, shareholders, and employees. Our focus is to grow in markets where we see significant long-term opportunity to create an attractive return on shareholder equity. We leverage our engineering, manufacturing expertise and strong customer relationships to develop new cutting-edge technologies and advanced products that solve technological challenges faced by our customers. We thoroughly analyze new product opportunities by considering projected demand for the product or service, and expected operating costs, and then only pursue those opportunities which we believe will contribute to earnings growth in the future. In addition, we believe our senior management team has substantial business and technical experience to enable us to pursue our business strategies.

The Company believes its ability to attract and retain new customers comes from their ongoing commitment to understanding its customers' business performance requirements and our expertise in meeting or exceeding these requirements and enhancing their competitive edge. We work closely with our customers from an operational and senior executive level to achieve a deep understanding of our customer's goals, challenges, strategies, operations, and products to ultimately build a long-lasting successful relationship.

We continue to seek and execute additional strategic acquisitions and focus on expanding our products and services as well as entering into new markets. We believe that the diversity of our products & services and our ability to deliver full solutions to a variety of end markets provides us with multiple sources of stable growth and a competitive advantage relative to other players in the industry. We constantly look for opportunities to gain new customers and penetrate geographic locations and end markets or acquire new product or service opportunities through acquisitions that are operationally and financially beneficial for the Company. However, there can be no assurance that we will succeed in our strategies.

SUPPLIERS

The Company is not dependent on, nor expects to become dependent on, any one or a limited number of suppliers. The Company buys parts and components to assemble and manufacture its equipment and products. The Company also utilizes sub-suppliers and third-party vendors to procure from or fabricate its components based on its design, engineering and specifications. The Company also enters into subcontracts for field installation, which the Company supervises; and the Company manages all technical, physical and commercial aspects of the performance of the Company contracts. To date, the Company has not experienced difficulties either in obtaining fabricated components and other materials and parts or in obtaining qualified subcontractors for installation work. The Company seeks to have many sources of supply for each of its major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters, international trade tariffs, wars, disputes and or other events. Despite market price volatility for certain requirements and materials pricing pressures at some of our businesses, the raw materials and various purchased components needed for the Company's products have generally been available in sufficient quantities.

COMPETITION

The Company faces substantial competition in each of its products & services and principal markets. Most of its competitors are larger and have greater financial resources than the Company; several are divisions of multi-national companies. The Company competes on the basis of price, engineering and technological expertise, know-how and the quality of its products, systems and services. Additionally, the Company's management believes that the successful delivery, installation and performance of the Company's products and systems is a key factor in gaining business as customers typically prefer to make significant purchases from a company with a solid performance history.

The Company obtains virtually all its contracts through competitive bidding. Although price is an important factor and may in some cases be the governing factor, it is not always determinative, and contracts are often awarded on the basis of the efficiency or reliability of products, past performance records, and the engineering and technical expertise of the bidder. Several companies market products that compete directly with Company's products. Other companies offer products that potential customers may consider to be acceptable alternatives to Company's products and services. The Company faces direct competition from companies with far greater financial, technological, manufacturing and personnel resources.

INTELLECTUAL PROPERTY

Over the years, the Company has developed proprietary technologies that give it an edge in competing with its competitors. Thus, the Company relies on a combination of trade secrets and know-how to protect its intellectual property. The Company has filed 18 patent applications related to the development of SmartDesk and will pursue those patents based upon its financial resources. Cemtrex continues to invest in research and development with intention of developing proprietary technology and intellectual property as allowed by its financial resources.

MARKETING

The Company sells its products globally and relies on direct sales force, manufacturing representatives, distributors, commission sales agents, magazine advertisements, internet advertising, trade shows, trade directories and catalogue listings to market its products and services. The Company uses independent sales representatives in the United States backed by its sales management and technical professionals. The Company's arrangements with independent sales representatives accord each a defined territory within which to sell some or all of its products and systems, provide for the payment of agreed-upon sales commissions and are terminable at will. The Company's sales representatives do not have authority to execute contracts on the Company's behalf.

The Company's sales representatives also serve as ongoing liaison function between Company and its customers during the installation phase of the products and systems and address customers' questions or concerns arising thereafter. The Company selects representatives based upon industry reputation, prior sales performance including number of prospective leads generated and sales closure rates, and the breadth of territorial coverage, among other criteria.

Technical inquiries received from potential customers are referred to the engineering personnel. Thereafter, the Company's sales and engineering personnel jointly prepare a budget proposal, or a final bid. The period between initial customer contact and issuance of an order is generally between two and twelve months.

The Company has been selling its SmartDesk directly from its website whereby customers can place orders and make payment. Company has been marketing SmartDesk on social media sites such as Facebook and Instagram as well as showcasing the product at several trade shows. The Company plans to continue its marketing efforts for the SmartDesk by bringing on resellers to market the product to enterprise clients and increase its overall marketing and sales efforts in online media.

CUSTOMERS

The Company's principal customers are engaged in automotive, medical, industrial automation, power, manufacturing, chemical, packaging, printing, electronics, mining, and metallurgical processing. Historically, most of the customers have purchased individual products or systems which, in many instances, operate in conjunction with products and systems supplied by others. For several years, the Company has marketed its products as integrated custom engineered systems and solutions. No one single customer accounts for more than 10% of its annual sales.

For the AT segment, the Company is responsible for the design, production, supply, and delivery of products to its customers. In order to satisfy customer orders, the Company must consistently meet production deadlines and maintain a high standard of quality.

INSURANCE

The Company currently maintains different types of insurance, including general liability and property coverage. The Company also maintains product liability insurance with respect to its products and equipment. Management believes that the insurance coverage that it has is adequate for its current business needs.

EMPLOYEES

The Company employs approximately 273 full-time employees and approximately 24 part-time employees as of December 23, 2019, including 70 engaged in engineering, 104 in manufacturing & field service and 99 in administrative, sales and marketing functions.

GOVERNMENT REGULATION

The Company's operations are subject to certain foreign, federal, state and local regulatory requirements relating to, among others, environmental, waste management, labor and health and safety matters. Management believes that the Company's business is operated in material compliance with all such regulations.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this report, including the consolidated audited financial statements and the related notes appearing at the end of this annual report on Form 10-K, with respect to any investment in shares of our common stock. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects would likely be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose all or part of your investment. These statements, like all statements in this report, speak only as of the date of this report (unless another date is indicated) and we undertake no obligation to update or revise the statements in light of future development.

Risks Related to our Business

There is no guarantee that cash flow from operations and/or debt and equity financings will provide sufficient capital to meet our expansion goals and working capital needs.

Our current strategic plan includes the expansion of our company both organically and through acquisitions if market conditions and competitive conditions allow. Due to the long-term nature of investments in acquisitions and other financial needs to support organic growth, including working capital, we expect our long-term and working capital needs to periodically exceed the short-term fluctuations in cash flow from operations. We anticipate that we will likely raise additional external capital from the sale of common stock, preferred stock and debt instruments as market conditions may allow, in addition to cash flow from operations (which may not always be sufficient), to fund our growth and working capital needs.

In the event that we need to raise significant amounts of external capital at any time or over an extended period, we face a risk that we may need to do so under adverse capital market conditions with the result that our existing shareholders, as well as persons who acquire our common stock, may incur significant and immediate dilution should we raise capital from the sale of our common or preferred stock. Similarly, we may need to meet our external capital needs from the sale of secured or unsecured debt instruments at interest rates and with such other debt covenants and conditions as the market then requires. In all of these transactions we anticipate that we will likely need to raise significant amounts of additional external capital to support our growth. However, there can be no guarantee that we will be able to raise external capital on terms that are reasonable in light of current market conditions. In the event that we are not able to do so, those who acquire our common stock may face significant and immediate dilution and other adverse consequences. Further, debt covenants contained in debt instruments that we issue may limit our financial and operating flexibility with consequent adverse impact on our common stock market price.

We are substantially dependent upon the success and continued market acceptance of our technology; the absence of which may significantly reduce our sales, profits and cash flow and adversely impact our financial condition.

In addition to overall reduced market demand, other competing technologies may be offered by both existing competitors or by those that enter the market and these competing technologies may offer a better cost-benefit ratio than our products and/or at lower prices with the result that our sales, profits, and cash flow may suffer significantly over an extended period with serious adverse impact on our financial condition.

Our future operating results depend in part on continued successful research, development and marketing of new and improved products and services through our new subsidiary Cemtrex Advanced Technologies, and there can be no assurance that we will successfully introduce new products and services into the market.

The success of new and improved products and services through our Cemtrex Advanced Technologies Inc. subsidiary depends on our research and development efforts and the initial acceptance of our products by consumers. This is a new line of business for our company, and our management has limited experience with consumer products in general, and with IoT products in particular. Our business is affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the research & development, production and/or marketing of new products and services due to lack of capital, which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to bring new products and services to market.

We have substantial debt which could adversely affect our ability to raise additional capital to fund operations and prevent us from meeting our obligations under outstanding indebtedness.

As of September 30, 2019, our total indebtedness was approximately $12.3 million, including a revolving line of credit of $0.4 million, short-term notes payable of $5.4 million, non-convertible notes payable of $3.4 million, and bank loans of $3.1. Approximately $6.4 million of such debt is classified as current. This substantial debt could have important consequences, including the following: (i) a substantial portion of our cash flow from operations may be dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, future business opportunities and capital expenditures; (ii) our ability to obtain additional financing for working capital, debt service requirements and general corporate purposes in the future may be limited; (iii) we may face a competitive disadvantage to lesser leveraged competitors; (iv) our debt service requirements could make it more difficult to satisfy other financial obligations; and (v) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond management’s control. If we are unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could impair our liquidity. Any refinancing of indebtedness, if available at all, could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. Despite our significant amount of indebtedness, we may need to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial debt.

Our ability to secure and maintain sufficient credit arrangements is key to our continued operations and there is no assurance we will be able to obtain sufficient additional equity or debt financing in the future.

There is no assurance that we will be able to retain or renew our credit agreements and other finance agreements in the future. In the event our company grows rapidly, the uncertain economic climate continues or we acquire one or more other companies, additional financing resources will likely be necessary in the current or future fiscal years. As a smaller public company with a limited ability to attract and obtain financing, there is no assurance that we will be able to obtain sufficient additional equity or debt financing in the future on terms that are reasonable in light of current market conditions.

Our sales and gross margins depend significantly on market demand for our products, as to which there can be no assurance.

The uncertainty in the United States and in the international economic and political environment could result in a decline in demand for our products in any industry. Our gross margins are dependent upon our ability to maintain sales volumes at levels that allow us to cover our fixed costs and variable costs per unit. To the extent that one or more product lines experience a significant and protracted decline in sales volume, we may experience significant declines in our gross margins that may result in losses. Further, any adverse changes in tax rates and laws affecting our customers could result in decreases in demand of our products and thus decrease our gross margins. Any of these factors could negatively impact our business, results of operations and financial condition.

In these circumstances, we anticipate that we could be required to increase or decrease staffing and more closely manage other expenses in order to meet the anticipated demand of our existing and future customers. Orders from our customers are subject to cancellation, and delivery schedules from our customers fluctuate as a result of changes in our customers' demand, thereby adversely affecting our results of operations, and may result in higher inventory levels. Higher inventory levels may cause us to need greater external financing, which adversely affects our financial performance.

Our products face competitive challenges, including rapid technological changes, and pricing pressure from competitors, which could adversely affect our business.

All of our product lines are subject to significant competition from existing and future competitors, market conditions and technological change, or a combination of them, and our sales revenues and gross margins may suffer protracted and serious declines with the result that we would likely incur protracted losses. Further, the barriers to entry in several of our lines of business are not so significant that we may be facing competition from others who see significant opportunities to enter the market and undercut our prices with products that possess superior technological attributes at prices that offer our customers a better value. In this instance, we could incur protracted and significant losses and persons who acquire our common stock would suffer losses thereby.

Factors affecting the industries that utilize our products could negatively impact our customers and us.

We have no real control over factors affecting the industries that utilize our products and to the extent that any one or more of these industries change dramatically, we may be facing significant financial challenges that are in excess of our existing capabilities. These factors include:

- increased competition among our customers and their competitors;
- the inability of our customers to develop and market their products;
- recessionary periods in our customers' markets;
- the potential that our customers' products become obsolete;
- our customers' inability to react to rapidly changing technology; and
- our customers' inability to pay for our products, which could, in turn, affect the company's results of operations.

If we are unable to develop new products, our competitors may develop and market products with better features that may reduce demand for our existing and potential products or otherwise result in our products becoming obsolete and could materially and adversely affect our ability to sustain profitability.

There are many larger competitors who compete directly with us and who have significantly greater financial, technological and research resources. This may serve to severely damage our ability to market and sell our products at price levels that would allow us to achieve and maintain profit margins and positive cash flow.

We are a smaller public company and we face rapid technological change in many of our product markets and we may not be able to introduce any successful new products or any enhancements to our existing products on a timely basis, or at all. This could result in prolonged and significant losses. In addition, our introduction of new products could adversely affect sales of certain of our existing products if these new products directly compete with our existing products. If our competitors develop innovative technologies that are superior to our products or if we fail to accurately anticipate market trends and respond on a timely basis with our own innovations, we may not achieve sufficient growth in its revenues to attain profitability or if we do, we may not be able sustain profitability.

We have grown through acquisitions and are continuously looking to fund other acquisitions; our failure to raise funds for acquisitions may have the effect of slowing down our growth and our use of funds for acquisitions subjects us to acquisition-related risks.

We intend to make acquisitions of complementary (including competitive) businesses, products and technologies. However, any future acquisitions may result in material transaction costs, increased interest and amortization expenses related to goodwill and other intangible assets, increased depreciation expense and increased operating expenses, any of which could have an adverse effect on our operating results and financial position. Acquisitions will require integration of acquired assets and management into our operations to realize economies of scale and control costs. Acquisitions may involve other risks, including diversion of management attention that would otherwise be available for ongoing internal development of our business and risks inherent in entering markets in which we have no or limited prior experience. In connection with future acquisitions, we may make potentially dilutive issuances of equity securities. In addition, consummation of acquisitions may subject us to unanticipated business uncertainties, contingent liabilities or legal matters relating to those acquired businesses for which the sellers of the acquired businesses may not fully indemnify us. There can be no assurance that our business will grow through acquisitions, as anticipated.

The loss of the services of Saagar Govil and Aron Govil for any reason would materially and adversely affect our business operations and prospects.

Our financial success is dependent to a significant degree upon the efforts of Saagar Govil, our Chairman, President and Chief Executive Officer. Saagar Govil possesses engineering, sales and marketing experience concerning our company that our other officers do not have. We have not entered into an employment arrangement with Mr. Govil. There can be no assurance that Saagar Govil will continue to provide services to us. A voluntary or involuntary departure by Saagar Govil could have a materially adverse effect on our business operations if we were not able to attract a qualified replacement for them in a timely manner.

Risks Related to Our Common Stock

Our management stockholders have significant stockholdings in and influence over our company which could make it impossible for public stockholders to influence the affairs of our company.

We are a "controlled company" under Nasdaq Listing Rules. Approximately 87% of our outstanding voting shares, which includes our common stock, Series A preferred stock, Series C preferred stock and Series 1 preferred stock, are beneficially held by Aron Govil, our Executive Director, and Saagar Govil, our Chairman, President and Chief Executive Officer. Pursuant to the certificate of designation for our Series A preferred stock, each outstanding share of Series A preferred stock is entitled to the number of votes equal to the result of (i) the total number of shares of our common stock outstanding at the time of such vote multiplied by 1.01, divided by (ii) the total number of shares of our Series A preferred stock outstanding at the time of such vote, at each meeting of stockholders of our company with respect to any and all matters presented to our stockholders for their action or consideration, including the election of directors. Pursuant to certificate of designation for our Series C preferred, each outstanding share of Series C Preferred Stock is entitled to the number of votes equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors. As a result of Aron Govil's and Saagar Govil's ownership of our common stock and Aron Govil's ownership of our Series A and Series C preferred stock and Series 1 preferred stock, our management stockholders control, and will control in the future, substantially all matters requiring approval by the stockholders of our company, including the election of all directors and approval of significant corporate transactions. This could make it impossible for public stockholders to influence the affairs of our company.

Sales of substantial amounts of our common stock in the public market could depress the market price of our common stock.

Our common stock is listed for trading on the Nasdaq Capital Market. If our stockholders sell substantial amounts of our common stock in the public market, including the shares of common stock issuable upon the exercise of our Series 1 warrants and stock options, and shares issued as consideration in future acquisitions, or the market perceives that such sales may occur, the market price of our common stock could fall and we may be unable to sell our common stock in the future.

Our common stock may experience extreme price and volume fluctuations, which could lead to costly litigation for us and make an investment in us less appealing.

The market price of our common stock may fluctuate substantially due to a variety of factors, including:

- our business strategy and plans;
- changing factors related to doing business in various jurisdictions within the United States;
- new regulatory pronouncements and changes in regulatory guidelines and timing of regulatory approvals;
- general and industry-specific economic conditions;
- additions to or departures of our key personnel;
- variations in our quarterly financial and operating results;
- changes in market valuations of other companies that operate in our business segments or in our industry;
- lack of trading liquidity;
- announcements about our business partners;
- changes in accounting principles; and
- general market conditions.

The market prices of the securities of early-stage companies, particularly companies like ours without consistent product revenues and earnings, have been highly volatile and are likely to remain highly volatile in the future. This volatility has often been unrelated to the operating performance of particular companies. In the past, companies that experience volatility in the market price of their securities have often faced securities class action litigation. Whether or not meritorious, litigation brought against us could result in substantial costs, divert our management's attention and resources and harm our financial condition and results of operations.

Our Series 1 preferred stock and all of our existing and future indebtedness rank senior to our common stock in the event of a liquidation, winding up or dissolution of our business.

In the event of our liquidation, winding up or dissolution, our assets would be available to make payments to holders of all existing and future indebtedness and Series 1 preferred stock before payments to holders of our common stock. In the event of our bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts to the holders of our indebtedness and Series 1 preferred stock, to pay anything to common stockholders. As of September 30, 2019, we had total consolidated debt of approximately $12.3 million and 2,110,718 shares of Series 1 preferred stock outstanding. Any liquidation, winding up or dissolution of our company or of any of our wholly or partially owned subsidiaries would have a material adverse effect on holders of our common stock.

Our common stockholders may be adversely affected by the issuance of any subsequent series of preferred stock.

Our certificate of incorporation does not restrict our ability to offer one or more additional new series of preferred stock, any or all of which may rank equally with or have preferences over our common stock as to dividend payments, voting rights, rights upon liquidation or other types of rights. We would have no obligation to consider the specific interests of the holders of common stock in creating any such new series of preferred stock or engaging in any such offering or transaction. Our creation of any new series of preferred stock or our engaging in any such offering or transaction could have a material adverse effect on holders of our common stock.

The public trading market for the common stock may be limited in the future.

Our common stock is listed for trading on the Nasdaq Capital Market under the symbol CETX. The trading volume fluctuates and there have been time periods during which the common stock trading volume has been limited. Management can make no assurances that trading volume will not be similarly limited in the future. Without an active trading market, there can be no assurance of any liquidity or resale value of the common stock, and stockholders may be required to hold their shares of common stock for an indefinite period of time.

We may not pay cash dividends on our common stock.

During fiscal year 2017, our Board of Directors approved a dividend on our common stock. We have not paid any cash dividend thereafter. There can be no assurance that we will pay cash dividends on our common stock in the future. Any decision to pay cash dividends will depend upon our profitability at the time, cash available and other relevant factors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company has the following properties:

The Company has moved its head office to New York City with a lease of 2,500 square feet of office space at a rate of $13,000 per month that expires June 30, 2020.

The Company's IS segment leases (i) approximately 25,000 square feet of warehouse space in Manchester, PA from a third party in a seven year lease at a monthly rent of $7,300 expiring on December 13, 2022, (ii) approximately 43,000 square feet of office and warehouse space in York, PA from a third party in a seven year lease at a monthly rent of $21,825 expiring on December 13, 2022, (iii) approximately 15,500 square feet of warehouse space in Emigsville, PA from a third party in a three year lease at a monthly rent of $4,555 expiring on August 31, 2022.

The Company's AT segment leases (i) approximately 6,700 square feet of office and warehouse space in Pune, India from a third party in an five-year lease at a monthly rent of $6,453 (INR456,972) expiring on February 28, 2024, (ii) approximately 27,000 square feet of office and warehouse space in Hauppauge, New York from a third party in a five-year lease at a monthly rent of $25,480 expiring on April 30, 2020, (iii) approximately 9,400 square feet of office and warehouse space in Southampton, England in a fifteen-year lease with at a monthly rent of $87,745 (£69,250) which expires on March 24, 2031 and contains provisions to terminate in 2021 and 2026.

ITEM 3. LEGAL PROCEEDINGS

Three securities class action complaints were filed against our company and certain of our executive officers in the U.S. District Court for the Eastern District of New York on February 24, 2017. Under the requirements of the Private Securities Litigation Reform Act of 1995, these three alleged class actions, as well as all further related actions, were consolidated into a single lawsuit on March 9, 2018. On October 4, 2018, the Company reached a settlement on the securities class action litigation through a mediator for an amount of $625,000 and also reached a settlement on Derivative action for an amount of $100,000. This settlement was approved by the court and the settlement amounts were paid by the Company's insurance carrier.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock currently trades on the NASDAQ Capital Markets under the symbol "CETX".

As of January7, 2019, the Company had 68 shareholders of record. This amount does not take into account shareholders whose shares are held in "street name" by brokerage houses or other intermediaries.

The Company is authorized to issue 10,000,000 shares pf preferred stock, par value $0.001 and 20,000,000 shares of common stock, $0.001 par value per share. On January 7, 2020, there were 4,527,889 shares of common stock issued and outstanding, 1,000,000 shares of Series A preferred stock issued and outstanding, and 2,110,718 shares of Series 1 preferred stock issued and outstanding, and 100,000 shares of Series C preferred stock issued and outstanding.

The price ranges presented below represent the highest and lowest quoted bid prices during the calendar quarters for 2017, 2018 and 2019 reported by the exchange. The quotes represent prices between dealers and do not reflect mark-ups, markdowns or commissions and therefore may not necessarily represent actual transactions.

		Stock Price	
Year	Fiscal Period	High	Low
2019	4th Quarter	$ 2.48	$ 1.33
	3rd Quarter	$ 4.31	$ 1.70
	2nd Quarter	$ 7.44	$ 4.00
	1st Quarter	$ 12.00	$ 4.59
2018	4th Quarter	$ 18.08	$ 11.28
	3rd Quarter	$ 23.44	$ 16.40
	2nd Quarter	$ 24.33	$ 19.68
	1st Quarter	$ 24.11	$ 19.84
2017	4th Quarter	$ 29.20	$ 21.92
	3rd Quarter	$ 31.52	$ 24.48
	2nd Quarter	$ 64.01	$ 24.33
	1st Quarter	$ 58.68	$ 29.90

As reported by NASDAQ Capital Markets, on January 7, 2020 the closing sales price of the Company's Common Stock was $1.14 per share.

Dividend Policy

On April 19, 2017, the Company's Board of Directors approved a dividend on the common stock of the Company. The Company has not paid any cash dividend thereafter. There can be no assurance that the Company will pay cash dividends on its common stock in the future. Any decision to pay cash dividends will depend upon the Company's profitability at the time, cash available and other relevant factors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table presents certain information as of September 30, 2019 regarding our equity compensation plans:

Plan category	Number of Common Stock Shares to be Issued upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under Plans
Approved by security holders		$ -	
Not approved by security holders	1,050,000	$ 1.91	0

See more detailed information regarding our equity compensation plans in the Notes to Consolidated Financial Statements in this 2019 Form 10-K.

Recent Sales of Unregistered Securities

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in an Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K.

For the fiscal year ended September 30, 2019, 196,550 shares of Series 1 Preferred Stock were issued to pay $1,965,499 worth of dividends to holders of Series 1 Preferred Stock.

For the fiscal year ended September 30, 2019, we issued 1,847,832 shares of common stock to satisfy $5,047,569 of notes payable and accumulated interest.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

ITEM 6. SELECTED FINANCIAL DATA

Not required for Smaller Reporting Companies

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for historical information contained in this report, the matters discussed are forward-looking statements that involve risks and uncertainties. When used in this report, words such as "anticipates", "believes", "could", "estimates", "expects", "may", "plans", "potential" and "intends" and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Among the factors that could cause actual results to differ materially are the following: the effect of business and economic conditions; the impact of competitive products and their pricing; unexpected manufacturing or supplier problems; the Company's ability to maintain sufficient credit arrangements; changes in governmental standards by which our environmental control products are evaluated and the risk factors reported from time to time in the Company's SEC reports, including this report on Form 10-K. The Company undertakes no obligation to update forward-looking statements as a result of future events or developments.

Overview

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal growth from a small environmental monitoring instruments company into a world leading multi-industry technology company. The Company drives innovation in a wide range of sectors, including smart technology, virtual and augmented realities, advanced electronic systems, industrial solutions, and intelligent security systems. Unless the context requires otherwise, all references to "we", "our", "us", "Company", "registrant", "Cemtrex" or "management" refer to Cemtrex, Inc. and its subsidiaries.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2019, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. Accordingly, the Company has reported the results of the Electronics Manufacturing business as discontinued operations in the Consolidated Statements of Income and in the Consolidated Balance Sheets. These changes have been applied for all periods presented. During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business which was part of Industrial Services group. Accordingly, the Company has reported the results of the environmental control products business as discontinued operations in the Consolidated Statements of Income and in the Consolidated Balance Sheets.

Currently, the Company has two business segments, consisting of (i) Advanced Technologies (AT) and (ii) Industrial Services (IS)

Advanced Technologies (AT)

Cemtrex's Advanced Technologies segment delivers cutting-edge technologies in the IoT, Wearables and Smart Devices, such as the SmartDesk. Through the Company's advanced engineering and product design, they deliver progressive design and development solutions to create impactful experiences for mobile, web, virtual and augmented reality, wearables and television as well as providing cutting edge, mission critical security and video surveillance. Through its Cemtrex VR division, the Company is developing a wide variety of applications for virtual and augmented reality markets.

The AT business segment also includes the Company's subsidiary Vicon Industries, which provides end-to-end security solutions to meet the toughest corporate, industrial and governmental security challenges. Vicon's products include browser-based Video monitoring systems and facial recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices.

Industrial Services (IS)

Cemtrex's IS segment, offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. We install high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals among others. We are a leading provider of reliability-driven maintenance and contracting solutions for the machinery, packaging, printing, chemical, and other manufacturing markets. The focus is on customers seeking to achieve greater asset utilization and reliability to cut costs and increase production from existing assets, including small projects, sustaining capital, turnarounds, maintenance, specialty welding services, and high-quality scaffolding.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The following discussion and analysis is based upon our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, and assets and liabilities during the periods reported. Estimates are used when accounting for certain items such as revenues, allowances for returns, early payment discounts, customer discounts, doubtful accounts, employee compensation programs, depreciation and amortization periods, taxes, inventory values, and valuations of investments, goodwill, other intangible assets and long-lived assets. We base our estimates on historical experience, where applicable and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

Please see Note 2 for detailed information regarding our significant accounting policies and estimates in the Notes to Consolidated Financial Statements in this 2019 Form 10-K.

Results of Operations - For the fiscal years ending September 30, 2019 and 2018

Total revenue for the years ended September 30, 2019 and 2018 was $39,265,041 and $22,641,417, respectively, an increase of $16,623,624, or 73%. Comprehensive net loss for the years ended September 30, 2019 and 2018 was a $23,051,140 and $10,476,294, respectively, an increase of $12,574,846 or 120%. Total revenue for the fiscal year increased, as compared to total revenue in the same period last year, due to the consolidation of Vicon Industries, Inc., sales and other increases in the Advanced Technology Segment. Net loss increased due to losses recorded on the sale of discontinued operations of the Electronics Manufacturing Segment and our Environmental Products lines. For the year ended September 30, 2019 the Company had a loss of $10,559,963 on discontinued operations and for the year ended September 30, 2018, the Company had a gain of $1,786,737 on discontinued operations.

Revenues

Our Advanced Technologies segment revenues for the years ended September 30, 2019 and 2018 were $19,268,687 and $1,765,106, respectively, an increase of $17,503,581 or 992%. This increase represents mainly the Consolidation of Vicon Industries, Inc.

Our Industrial Services segment revenues for the year ended September 30, 2019 decreased by $879,957 or 4%, to $19,996,354 from $20,876,311 for the year ended September 30, 2018. The decrease was primarily due to the timing and recognition of revenue.

Gross Profit

Gross Profit for the year ended September 30, 2019 was $15,562,674 or 40% of revenues as compared to gross profit of $8,215,954 or 36% of revenues for the year ended September 30, 2018. The increase in gross profit percentage in the year ended September 30, 2018, as compared to the prior year, was a direct result of the sale of products and services with higher profit margins.

General and Administrative Expenses

General and Administrative Expenses for the year ended September 30, 2019 increased $6,320,565 or 41% to $21,528,145 from $15,207,580 for the year ended September 30, 2018. The increases in General and Administrative Expenses in dollars is the result of the Consolidation of Vicon Industries, Inc.

Research and Development Expenses

Research and Development expenses for the year ended September 30, 2019 and 2018 were $1,481,879 and $5,558,682, respectively. Research and Development expenses have decreased due to the limited capital resources of the Company.

Other Income/(Expense)

Interest and other income/(expense) for fiscal 2019 was $(5,190,987) as compared to $(1,338,510) for fiscal 2018. For fiscal year 2019 other income/(expense) was due was primarily due to interest on notes payable.

Provision for Income Taxes

During the fiscal year of 2019 we recorded an income tax benefit of $1,335,584 compared to $2,861,672 for the fiscal year of 2018. The provision for income tax is based upon the projected income tax from the Company’s various domestic and international subsidiaries that are subject to income taxes.

Net Income/(Loss)

The Company had a net loss of $21,862,716 or 56% of revenues, for the year ended September 30, 2019 as compared to a net loss of $9,240,409 or 41% of revenues, for the year ended September 30, 2018. Net loss in this period as compared to the previous period was higher due to the discontinued operations of the Environmental Products business and its Electronics Manufacturing Segment. For the year ended September 30, 2019 the Company had a loss of $10,559,963 on discontinued operations and for the year ended September 30, 2018, the Company had a gain of $1,786,737 on discontinued operations.

Effects of Inflation

The Company's business and operations have not been materially affected by inflation during the periods for which financial information is presented.

Liquidity and Capital Resources

Working capital was $3,240,348 at September 30, 2019 compared to $10,011,896 at September 30, 2018. This includes cash and cash equivalents and restricted cash of $2,858,085 at September 30, 2019 and $2,315,935 at September 30, 2018, respectively. The decrease in working capital was primarily due to the decrease in the Company's current assets of $13,036,655 offset by a decrease in the Company's current liabilities of $6,265,107 .

Accounts receivable decreased by $7,486,671 or 54% to $6,458,984 at September 30, 2019 from $13,945,655 at September 30, 2018. The decrease in accounts receivable is mainly due to the company's exit from the Environmental Products business and the elimination of its Electronics Manufacturing Segment.

Inventories decreased by $6,147,303 or 54% to $5,207,155 at September 30, 2019 from $11,354,458 at September 30, 2018. The decrease in inventories is attributable to the company's exit from the Environmental Products business and Electronics Manufacturing Segment.

Operating activities for continuing operations used $3,751,616 for the year ended September 30, 2019 compared to using $13,005,012 of cash for the year ended September 30, 2018. Operating activities for discontinued operations provided $7,507,090, and $10,523,481 of cash for the year ended September 30, 2019 and 2018, respectively.

Investing activities for continuing operations used $2,043,771 of cash during the year ended September 30, 2019 compared to using $12,207,320 during the year ended September 30, 2018. In fiscal 2019 discontinued operations provided $8,883,541 of cash.

Financing activities for continuing operations used $2,391,839 for the year ended September 30, 2019 as compared to providing $3,624,091 in the year ended September 30, 2018. In fiscal 2019 our financing activities were mainly comprised of the proceeds from subscription rights offering and notes payable offset by payments on our debt. In fiscal 2019 discontinued operations used $9,465,505, compared to providing $1,726,748 of cash in fiscal 2018.

We believe that our cash on hand and cash generated by operations is sufficient to meet the capital demands of our current operations during the 2020 fiscal year (ending September 30, 2020). Any major increases in sales, particularly in new products, may require additional capital investment. Failure to obtain sufficient capital could materially adversely impact our growth potential.

Overall, there is no guarantee that cash flow from our existing or future operations and any external capital that we may be able to raise will be sufficient to meet our expansion goals and working capital needs.

Outlook

We are a diversified company that predominantly operates in the United States. We believe our diversity of business segments, and the breadth of our product and services portfolios, have helped mitigate the economic impact of any one particular industry sector or any single region on our consolidated operating results and we expect the same in the future. We believe growth for our products and services is driven by the increasing demand for newer technology products and overall industrial economic growth. These trends stimulate investment in new consumer and industrial products with related infrastructure, and in upgrades of existing facilities. We continue to focus on revenue growth, market expansion and increasing profitability by expanding our presence in emerging technologies. Our outlook is to continue expanding our scope of technology, products, and services horizontally through selective acquisitions and the formation of new business units by leveraging our technical and financial resources.

This Outlook section, and other portions of this document, include certain "forward-looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including, among others, those statements preceded by, following or including the words "believe," "expect," "intend," "anticipate" or similar expressions. These forward-looking statements are based largely on the current expectations of management and are subject to a number of assumptions, risks and uncertainties. Our actual results could differ materially from these forward-looking statements. Important factors to consider in evaluating such forward-looking statements include those discussed in Item 1A. Risk Factors as well as:

- changes in external competitive market factors or in our internal budgeting process which might impact trends in our results of operations;
- Company has incurred a large net loss during fiscal 2018 and thus reduced its working capital and available cash;
- changes in our business strategy or an inability to execute our strategy due to unanticipated changes in the market;
- product obsolescence due to the development of new technologies; and
- Various competitive factors that may prevent us from competing successfully in the marketplace.
- In light of these risks and uncertainties, there can be no assurance that the events contemplated by the forward-looking statements contained in this Form 10-K will in fact occur.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this report appear as indexed in the appendix to this report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On September 24, 2018, The Company engaged Haynie & Company to serve as our independent registered public accounting firm for the year ending September 30, 2018. The engagement of Haynie & Company was approved by our Audit Committee.

On October 9, 2019, The Company engaged Haynie & Company to serve as our independent registered public accounting firm for the year ending September 30, 2019. The engagement of Haynie & Company was approved by our Audit Committee.

There have been no disagreements with Haynie & Company, our independent registered public accountants, on accounting and financial disclosure matters.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired control objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Our management, including our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2019, and concluded that the disclosure controls and procedures were not effective, because certain deficiencies involving internal controls constituted material weaknesses as discussed below. The material weaknesses identified did not result in the restatement of any previously reported financial statements or any other related financial disclosure, nor does management believe that it had any effect on the accuracy of our financial statements for the current reporting period.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with GAAP. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal accounting officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on its evaluation, our management concluded that as of September 30, 2019 there is a material weakness in our internal control over financial reporting. The material weakness relates to the Company lacking sufficient, qualified, accounting personnel. The shortage of qualified accounting personal resulted in the Company lacking entity level controls around the review of period-end reporting processes, accounting policies and public disclosures. This deficiency is common in small companies, similar to us, with limited personnel.

In order to mitigate the material weakness, the Board of Directors has assigned a priority to the short-term and long-term improvement of our internal control over financial reporting. Our Board of Directors will work with management to continuously review controls and procedures to identified deficiencies and implement remediation within our internal controls over financial reporting and our disclosure controls and procedures.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to Commission rules that permit the Company to provide only management's report in this annual report.

This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred in the year ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We incorporate the information this item requires by referring to the information under the captions **Proposal No. 1: Election of Directors and Corporate Governance** in our proxy statement for our 2019 annual stockholders' meeting ("2019 Proxy Statement"), which we will file with the SEC pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

We incorporate the information this item requires by referring to the information under the caption **Executive Compensation** in our 2019 Proxy Statement, which we will file with the SEC pursuant to Regulation 14A.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We incorporate the information this item requires by referring to the information under the caption **Security Ownership of Certain Beneficial Owners and Management** in our 2019 Proxy Statement, which we will file with the SEC pursuant to Regulation 14A.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

We incorporate the information this item requires by referring to the information under the captions **Proposal No. 1: Election of Directors** and **Corporate Governance** in our 2019 Proxy Statement, which we will file with the SEC pursuant to Regulation 14A.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We incorporate the information this item requires by referring to the information under the caption **Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm** in our 2019 Proxy Statement, which we will file with the SEC pursuant to Regulation 14A.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENTS

(a) Financial Statements and Notes to the Consolidated Financial Statements
See Index to Consolidated Financial Statements on page F-1 at beginning of attached financial statements.

(b) Exhibits

Exhibit No.	Description
2.2	Stock Purchase Agreement regarding the stock of Advanced Industrial Services, Inc., AIS Leasing Company, AIS Graphic Services, Inc., and AIS Energy Services, LLC, Dated December 15, 2015. (6)
2.3	Asset Purchase agreement between Periscope GmbH and ROB Centrex Assets UG, ROB Cemtrex Automotive GmbH, and ROB Cemtrex Logistics GmbH. (7)
3.1	Certificate of Incorporation of the company.(1)
3.2	By Laws of the company.(1)
3.3	Certificate of Amendment of Certificate of Incorporation, dated September 29, 2006.(1)
3.4	Certificate of Amendment of Certificate of Incorporation, dated March 30, 2007.(1)
3.5	Certificate of Amendment of Certificate of Incorporation, dated May 16, 2007.(1)
3.6	Certificate of Amendment of Certificate of Incorporation, dated August 21, 2007.(1)
3.7	Certificate of Amendment of Certificate of Incorporation, dated April 3, 2015.(3)
3.8	Certificate of Designation of the Series A Preferred Shares, dated September 8, 2009.(2)
3.9	Certificate of Designation of the Series 1 Preferred Stock.(11)
3.10	Certificate of Amendment of Certificate of Incorporation, dated September 7, 2017 (12)
3.11	Certificate of Designations of Series B Redeemable Convertible Preferred Stock..(21)
3.12	Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Cemtrex, Inc (6)
4.1	Form of Subscription Rights Certificate. (10)
4.2	Form of Series 1 Preferred Stock Certificate. (10)
4.3	Form of Series 1 Warrant. (10)
4.4	Form of Common Stock Purchase Warrant, dated March 22, 2019. (14)
10.1	Dealer-Manager Agreement between Cemtrex, Inc. and Advisory Group Equity Services, Ltd. doing business as RHK Capital.dated November 21, 2018 (8)
10.2	At-The-Market Offering Agreement dated January 28, 2019, by and among Cemtrex, Inc. and Advisory Group Equity Services, Ltd. doing business as RHK Capital.(9)
10.3	Securities Purchase Agreement by and between Intercostal Capital, dated July 1, 2019 and Cemtrex, Inc., (13)
10.4	Share transfer and purchase agreement between Cemtrex, Ltd., Cemtrex, Inc. and Finvest GmbH i.G., Dennis Wenz, and Laura Wenz., dated August 15, 2019 (15)
14.1	Corporate Code of Business Ethics.(4)
21.1*	Subsidiaries of the Registrant
31.1*	Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Vice President of Finance and Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 0f of 2002.
32.2*	Certification of Vice President of Finance and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 0f of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

(1) Incorporated by reference from Form 10-12G filed on May 22, 2008.
(2) Incorporated by reference from Form 8-K filed on September 10, 2009.
(3) Incorporated by reference from Form 8-K filed on August 22, 2016.
(4) Incorporated by reference from Form 8-K filed on July 1, 2016.
(5) Intentionally omitted
(6) Incorporated by reference from Form 8-K filed on June 12, 2019.
(7) Incorporated by reference from Form 8-K/A filed on November 24, 2017.
(8) Incorporated by reference from Form 8-K filed on November 21, 2018.
(9) Incorporated by reference from Form 8-K filed on January 28, 2019.
(10) Incorporated by reference from Form S-1 filed on August 29, 2016 and as amended on November 4, 2016, November 23, 2016, and December 7, 2016.
(11) Incorporated by reference from Form 8-K filed on January 24, 2017.
(12) Incorporated by reference from Form 8-K filed on September 8, 2017.
(13) Incorporated by reference from Form 10-K filed on July 2, 2019.
(14) Incorporated by reference from Form 8-K filed on March 22, 2019.
(15) Incorporated by reference from Form 8-K filed on August 21, 2019.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CEMTREX, INC.

January 14, 2020	By: */s/ Saagar Govil* Saagar Govil, Chairman of the Board, CEO, President & Secretary (Principal Executive Officer)

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

January 14, 2020	By: */s/ Saagar Govil* Saagar Govil, Chairman of the Board, CEO, President & Secretary (Principal Executive Officer)
January 14, 2020	By: */s/ Aron Govil* Aron Govil Executive Director, CFO (Principal Financial and Accounting Officer)
January 14, 2020	By: */s/ Raju Panjwani* Raju Panjwani, Director
January 14, 2020	By: */s/ Sunny Verma* Sunny Verma, Director
January 14, 2020	By: */s/ Metodi Filipov* Metodi Filipov, Director

Index to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Cemtrex, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cemtrex, Inc. (the Company) as of September 30, 2019and 2018,and the related consolidated statements of operations and comprehensive income, stockholders' deficit, and cash flows for the years ended September 30, 2019 and 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years ended September 30, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Haynie & Company
Haynie & Company
Salt Lake City, Utah
January 14, 2020

We have served as the Company's auditor since 2018.

Cemtrex Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

Assets	September 30, 2019	September 30, 2018
Current assets		
Cash and equivalents	$ 1,769,994	$ 973,772
Restricted cash	1,088,091	1,342,163
Short-term investments	412,730	-
Trade receivables, net	6,458,984	13,945,655
Trade receivables - related party	227,019	165,220
Notes receivable - short-term	1,713,371	-
Inventory –net of allowance for inventory obsolescence	5,207,155	11,354,458
Prepaid expenses and other assets	2,000,265	4,132,996
Total current assets	18,877,609	31,914,264
Property and equipment, net	16,776,552	27,300,654
Goodwill	4,370,894	3,322,818
Notes receivable - long-term	1,586,918	-
Investment in Vicon	-	1,699,271
Deferred tax asset	2,282,867	915,682
Other	497,857	126,078
Total Assets	**$ 44,392,697**	**$ 65,278,767**
Liabilities & Stockholders' Equity (Deficit)		
Accounts payable	$ 4,236,945	$ 7,068,005
Short-term liabilities	6,840,252	10,913,703
Deposits from customers	33,074	50,619
Accrued expenses	2,673,646	2,333,938
Deferred revenue	1,433,803	970,590
Accrued income taxes	419,541	565,513
Total current liabilities	15,637,261	21,902,368
Long-term liabilities		
Loans payable to bank, net of current portion	2,240,526	4,206,468
Long-term capital lease, net of current portion	20,061	44,081
Notes payable, net of current portion	2,817,661	276,639
Mortgage payable, net of current portion	-	3,568,545
Other long-term liabilities	1,221,549	-
Deferred Revenue - long-term	489,535	-
Total long-term liabilities	6,789,332	8,095,733
Total liabilities	22,426,593	29,998,101
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock , $0.001 par value, 10,000,000 shares authorized, Series 1,3,000,000 shares authorized, 2,110,718 shares issued and outstanding as of September 30, 2019 and 1,914,168 shares issued and outstanding as of September 30, 2018 (liquidation value of $10 per share)	2,111	1,914
Series A, 1,000,000 shares authorized, issued and outstanding at September 30, 2019 and September 30, 2018	1,000	1,000
Common stock, $0.001 par value, 20,000,000 shares authorized, 3,962,790 shares issued and outstanding at September 30, 2019 and 1,621,719 shares issued and outstanding at September 30, 2018	3,963	1,622
Additional paid-in capital	40,344,837	31,496,671
Retained earnings (accumulated deficit)	(20,067,685)	4,262,756
Accumulated other comprehensive income (loss)	796,004	(483,297)
Cemtrex stockholders' equity	21,080,230	35,280,666
Non-controlling interest	885,874	-
Total liabilities and stockholders' equity (deficit)	**$ 44,392,697**	**$ 65,278,767**

The accompanying notes are an integral part of these consolidated financial statements.

Cemtrex Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the year ended September 30, 2019	For the year ended September 30, 2018
Revenues		
Advanced Technologies Revenue	$ 19,268,687	$ 1,765,106
Industrial Services Revenue	19,996,354	20,876,311
Total Revenue	39,265,041	22,641,417
Cost of revenues		
Cost of Sales, Advanced Technologies	10,972,501	646,740
Cost of Sales, Industrial Services	12,729,866	13,778,723
Total cost of revenues	23,702,367	14,425,463
Gross profit	15,562,674	8,215,954
Operating expenses		
General and administrative	21,528,145	15,207,580
Research and development	1,481,879	5,558,682
Total operating expenses	23,010,024	20,766,262
Operating loss	(7,447,350)	(12,550,308)
Other income (expense)		
Other expense	(62,705)	676,547
Loss in equity interests	(342,776)	(1,214,659)
Interest expense	(4,785,506)	(800,398)
Total other expense, net	(5,190,987)	(1,338,510)
Net loss before income taxes	(12,638,337)	(13,888,818)
Income tax benefit	1,335,584	2,861,672
Loss from continuing operations	(11,302,753)	(11,027,146)
Income/(loss) from discontinued operations, net of tax	(10,559,963)	1,786,737
Net loss	(21,862,716)	(9,240,409)
Less noncontrolling interest	502,225	-
Net Income/(loss)	(22,364,941)	(9,240,409)
Preferred dividends paid	1,965,500	915,080
Net income/(loss) available to Cemtrex, Inc. shareholders	(24,330,441)	(10,155,489)
Other comprehensive income/(loss)		
Foreign currency translation gain/(loss)	1,624,253	(320,805)
Other comprehensive (income)/loss attribitable to noncontrolling interest	(344,952)	-
Comprehensive income/(loss)	1,279,301	(320,805)
Comprehensive loss	$ (23,051,140)	$ (10,476,294)
Income (Loss) Per Share-Basic		
Continuing Operations	$ (5.85)	$ (8.50)
Discontinued Operations	$ (4.66)	$ 1.27
Income (Loss) Per Share-Diluted		
Continuing Operations	$ (5.85)	$ (8.50)
Discontinued Operations	$ (4.66)	$ 1.27
Weighted Average Number of Shares-Basic	2,267,501	1,404,533
Weighted Average Number of Shares-Diluted	2,267,501	1,404,533

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Preferred Stock Series 1 Par Value $0.001		Preferred Stock Series A Par Value $0.001		Common Stock Par Value $0.01						
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated other Comprehensive Income(loss)	Cemtrex Stockholders' Equity	Non-controlling interest
Balance at September 30, 2018	**1,914,168**	**$ 1,914**	**1,000,000**	**$ 1,000**	**1,621,719**	**$ 1,622**	**$ 31,496,671**	**$ 4,262,756**	**$ (483,297)**	**$ 35,280,666**	**$ -**
Comprehensive income	-	-	-	-	-	-	-	-	1,279,301	1,279,301	-
Share-based compensation	-	-	-	-	-	-	622,232	-	-	622,232	-
Stock issued in Subscription Rights Offering	-	-	-	-	25,126	25	138,669	-	-	138,694	-
Shares issued in trust for ATM Offering					27,954	28	(28)			-	
Shares sold in ATM Offering					34,547	35	203,643			203,678	
Shares sold in Securities Purchase Agreements					226,715	227	596,832			597,059	
Stock issued to pay notes payable	-	-	-	-	1,847,832	1,848	5,045,721	-	-	5,047,569	-
Dividends paid in Series 1 preferred shares	196,550	197	-	-	-	-	1,965,303	(1,965,500)	-	-	-
Series B Conversion					175,562	175	333,156			333,331	
Reverse split rounding shares					3,335	3	-			3	
Discount on Series B (deemed dividend)							(154,511)			(154,511)	
Increase in noncontrolling interest through consolidation accounting							97,149			97,149	383,649
Net loss	-	-	-	-	-	-	-	(22,364,941)	-	(22,364,941)	502,225
Balance at September 30, 2019	**2,110,718**	**$ 2,111**	**1,000,000**	**$ 1,000**	**3,962,790**	**$ 3,963**	**$ 40,344,837**	**$ (20,067,685)**	**$ 796,004**	**$ 21,080,230**	**$ 885,874**

The accompanying notes are an integral part of these consolidated financial statements.

Cemtrex Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Preferred Stock Series 1 Par Value $0.001		Preferred Stock Series A Par Value $0.001		Common Stock Par Value $0.01						
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated other Comprehensive Income(loss)	Cemtrex Stockholders' Equity	Non-controlling interest
Balance at September 30, 2017	**1,822,660**	**$ 1,823**	**1,000,000**	**$ 1,000**	**1,300,555**	**$ 1,301**	**$ 24,703,427**	**$ 14,418,244**	**$ (133,492)**	**$ 38,992,303**	**$ -**
Comprehensive loss									(349,805)	(349,805)	
Share-based compensation							401,300			401,300	
Shares issued for compensation					465	1	6,702			6,703	
Stock issued for convertible debt					12,354	12	219,988			220,000	
Stock issued for interest on convertible debt					6,283	6	109,138			109,144	
Stock issued to pay notes payable					50,483	50	724,950			725,000	
Stock issued for investment in Vicon					126,579	127	2,913,803			2,913,930	
Stock issued in offering					125,000	125	1,502,375			1,502,500	
Dividends paid in Series 1 Preferred Shares	91,508	91					914,988	(915,079)		-	
Net loss								(9,240,409)		(9,240,409)	
Balance at September 30, 2018	**1,914,168**	**$ 1,914**	**1,000,000**	**$ 1,000**	**1,621,719**	**$ 1,622**	**$ 31,496,671**	**$ 4,262,756**	**$ (483,297)**	**$ 35,280,666**	**$ -**

The accompanying notes are an integral part of these consolidated financial statements.

Cemtrex Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended September 30, 2019	2018
Cash Flows from Operating Activities		
Net loss	$ (21,862,716)	$ (9,269,409)
Net income/(loss) from discontinued operations	(10,559,963)	1,786,737
Net loss from continuing operations	(11,302,753)	(11,056,146)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	3,013,986	2,319,508
Gain/(loss) on disposal of property & equipment	471,019	(2,094,621)
Change in allowance for doubtful accounts	-	408,000
Share-based compensation	622,232	-
Interest expense paid in equity shares	1,590,374	109,144
Income tax benefit	(1,335,584)	(2,861,672)
Interest expense on convertible debt	-	593,975
Loss on equity interests	342,776	1,214,659
Changes in operating assets and liabilities net of effects from acquisition of subsidiaries:		
Accounts receivable	3,082,635	3,679,052
Accounts receivable - related party	(61,799)	-
Inventory	1,341,569	(80,952)
Prepaid expenses and other curent asstets	(132,510)	358,606
Other assets	(27,418)	203,141
Other liabilities	1,221,549	-
Accounts payable	(2,114,250)	(1,735,352)
Deposits from customers	(17,545)	50,619
Accrued expenses	(493,921)	(3,988,468)
Deferred revenue	228,024	-
Income taxes payable	-	(124,505)
Net cash used by operating activities - continuing operations	(3,571,616)	(13,005,012)
Net cash provided by operating activities - discontinued operations	7,507,090	10,523,481
Net cash provided by operating activities	**3,935,474**	**(2,481,531)**
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,659,480)	(12,207,320)
Refund on property and equipment	14,000	-
Purchase of marketable securities	(398,291)	-
Net cash used by investing activities - continuing operations	(2,043,771)	(12,207,320)
Net cash provided by investing activities - discontinued operations	8,883,541	-
Net cash provided by investing activities	**6,839,770**	**(12,207,320)**
Cash Flows from Financing Activities		
Proceeds from notes payable	2,595,000	4,025,000
Payments on notes payable	(414,859)	(564,728)
Issuance of notes receivable	(3,300,289)	-
Payments on bank loans	(1,440,535)	(537,570)
Proceeds from at-the-market offerings	957,784	1,650,000
Expenses on at-the-market offerings	(41,438)	(147,500)
Proceeds from the issuance of Series B Preferred Stock	500,000	-
Expenses from the issuance of Series B Preferred Stock	(25,000)	-
Settlement of Series B Preferred Stock in Cash	(273,092)	-
Revolving line of credit	(925,124)	(796,841)
Payments on caplital lease obligations	(24,286)	(4,270)
Net cash provided/(used) by financing activities - continuing operations	(2,391,839)	3,624,091
Net cash provided/(used) by financing activities - discontinued operations	(9,465,508)	1,726,748
Net cash provided/(used) by financing activities	**(11,857,347)**	**5,350,839**
Effect of currency translation	1,624,253	(320,805)
Net decrease in cash	(1,082,103)	(9,338,012)
Cash beginning of period	2,315,935	11,974,752
Cash end of period	**$ 2,858,085**	**$ 2,315,935**
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 672,637	$ 259,317
Cash paid during the period for income taxes	$ 162,871	$ 852,071

Supplemental Schedule of Non-Cash Investing and Financing Activities		
Investment in Vicon Technologies	$ 300,000	$ 2,913,930
Payment of convertible notes in common stock	$ -	$ 220,000
Stock issued to pay notes payable	$ 5,047,569	$ 1,054,144
Acquisition of equipment through capital leases	$ -	$ 71,069
Dividends paid in equity shares	$ 1,965,500	$ 915,080

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Cemtrex was incorporated in 1998, in the state of Delaware and has evolved through strategic acquisitions and internal growth from a small environmental monitoring instruments company into a world leading multi-industry technology company. The Company drives innovation in a wide range of sectors, including smart technology, virtual and augmented realities, advanced electronic systems, industrial solutions, and intelligent security systems. Unless the context requires otherwise, all references to “we”, “our”, “us”, “Company”, “registrant”, “Cemtrex” or “management” refer to Cemtrex, Inc. and its subsidiaries.

The Company continuously assesses the composition of its portfolio businesses to ensure it is aligned with its strategic objectives and positioned to maximize growth and return in the coming years. During fiscal 2019, the Company made a strategic decision to exit its Electronics Manufacturing group by selling all companies in that business segment on August 15, 2019. Accordingly, the Company has reported the results of the Electronics Manufacturing business as discontinued operations in the Consolidated Statements of Income and in the Consolidated Balance Sheets. These changes have been applied for all periods presented. During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business which was part of Industrial Services group. Accordingly, the Company has reported the results of the environmental control products business as discontinued operations in the Consolidated Statements of Income and in the Consolidated Balance Sheets.

Now the Company has two business segments, consisting of (i) Advanced Technologies (AT) and (ii) Industrial Services (IS)

Advanced Technologies (AT)

Cemtrex’s Advanced Technologies segment delivers cutting-edge technologies in the IoT, Wearables and Smart Devices, such as the SmartDesk. Through the Company’s advanced engineering and product design, they deliver progressive design and development solutions to create impactful experiences for mobile, web, virtual and augmented reality, wearables and television as well as providing cutting edge, mission critical security and video surveillance. Through its Cemtrex VR division, the Company is developing a wide variety of applications for virtual and augmented reality markets.

The AT business segment also includes the Company’s subsidiary Vicon Industries, which provides end-to-end security solutions to meet the toughest corporate, industrial and governmental security challenges. Vicon’s products include browser-based Video monitoring systems and facial recognition systems, cameras, servers, and access control systems for every aspect of security and surveillance in industrial and commercial facilities, federal prisons, hospitals, universities, schools, and federal and state government offices.

Industrial Services (IS)

Cemtrex’s IS segment, offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers. We install high precision equipment in a wide variety of industrial markets like automotive, printing & graphics, industrial automation, packaging, and chemicals among others. We are a leading provider of reliability-driven maintenance and contracting solutions for the machinery, packaging, printing, chemical, and other manufacturing markets. The focus is on customers seeking to achieve greater asset utilization and reliability to cut costs and increase production from existing assets, including small projects, sustaining capital, turnarounds, maintenance, specialty welding services, and high-quality scaffolding.

Going Concern Considerations

The Company has incurred substantial losses over the past two fiscal years and has debt obligations over the next fiscal year that raise going concern considerations. The Company has and plans to continue to raise capital and reduce expenses through the use of (i) issuance of notes and subsequent settlement of such notes with equity, (ii) equity offering to qualified investors and at-the-market offerings, (iii) exiting from business segments with diminishing revenues, (iv) sale or reallocation of fixed assets held from exited business segments to raise capital or increase revenue in continuing business segments, (v) development of additional products for the Advanced Technologies segment to increase revenues, (vi) cost reductions to improve overall profitability in all segments. The Company believes that these going concern considerations have been alleviated by managements plans.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The Management of the Company is responsible for the selection and use of appropriate accounting policies and the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both most important to the portrayal of the Company's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company's significant and critical accounting policies and practices are disclosed below as required by generally accepted accounting principles.

Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Fiscal Year-End

The Company elected September 30 as its fiscal year-end date.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, provisions for doubtful accounts receivable, net realizable value of inventory, warranty obligations, income tax accruals, deferred tax valuation and assessments of the recoverability of the Company's long-lived assets. Actual results could differ from those estimates.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Cemtrex Advanced Technologies Inc., Cemtrex Ltd., Cemtrex Technologies Pvt. Ltd., and Advanced Industrial Services, Inc. and the Company's majority-owned subsidiary Vicon Industries, Inc. and its subsidiaries, Telesite USA, IQInVision, Vicon Industries Ltd., Vicon Deutschland GmbH, and Vicon Systems, Ltd. All inter-company balances and transactions have been eliminated in consolidation.

Fair Value of Non-Financial Assets or Liabilities Measured on a Recurring Basis

The Company's non-financial assets include inventories. The Company identifies potentially excess and slow-moving inventories by evaluating turn rates, inventory levels and other factors. Excess quantities are identified through evaluation of inventory aging, review of inventory turns and historical sales experiences. The Company provides lower of cost or market reserves for such identified excess and slow- moving inventories. The Company establishes a reserve for inventory shrinkage, if any, based on the historical results of physical inventory cycle counts.

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company's long-lived assets, which include property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. When long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The impairment charges, if any, is included in operating expenses in the accompanying statements of operations.

Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. The Company performs on-going credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of their current credit information; and determines the allowance for doubtful accounts based on historical write-off experience, customer specific facts and general economic conditions that may affect a client's ability to pay.

Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company determines when receivables are past due or delinquent based on how recently payments have been received.

The Company has $606,051 and $298,708 allowance for doubtful accounts at September 30, 2019 and 2018, respectively.

The Company does not have any off-balance-sheet credit exposure to its customers at September 30, 2019 or 2018.

Inventory and Cost of Goods Sold

The Company values inventory, consisting of finished goods, at the lower of cost or market. Cost is determined on the first-in and first- out ("FIFO") method. The Company reduces inventory for the diminution of value, resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) current sales data and historical return rates, (ii) estimates of future demand, and (iii) competitive pricing pressures.

The Company classifies inventory markdowns in the income statement as a component of cost of goods sold. These markdowns are estimates, which could vary significantly from actual requirements if future economic conditions, customer demand or competition differ from expectations.

There was $3,938,212 and $1,010,948 in inventory obsolescence at September 30, 2019 and 2018, respectively. The increase in inventory obsolescence is due to the consolidation of Vicon.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the respective assets, shown in the table below;

	Estimated Useful Life (Years)
Building	30
Furniture and office equipment	5
Computer software	7
Machinery and equipment	7

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. The Company accounts for goodwill under the guidance of the ASC Topic 350, "Intangibles: Goodwill and Other". Goodwill acquired in a purchase business combination and determined to have an indefinite useful life is not amortized, but instead tested for impairment, at least annually, in accordance with this guidance. The recoverability of goodwill is subject to an annual impairment test or whenever an event occurs or circumstances change that would more likely than not result in an impairment. The Company tests goodwill for impairment at the reporting unit level on an annual basis as of September 30 and between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In accordance with the FASB revised guidance on "Testing of Goodwill for Impairment," a company first has the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the company decides, as a result of its qualitative assessment, that it is more-likely-than- not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of a two-step goodwill impairment test. The first step compares the fair value of each reporting unit to its carrying amount. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

For the years ended September 30, 2019, and 2018, there was no impairment of the Company's goodwill.

Leases

Lease agreements are evaluated to determine whether they are capital leases or operating leases. The Company considers a capital lease if it meets one of the following criteria: a. Transfer of ownership. The lease transfers ownership of the property to the lessee by the end of the lease term. This criterion is met in situations in which the lease agreement provides for the transfer of title at or shortly after the end of the lease term in exchange for the payment of a nominal fee, for example, the minimum required by statutory regulation to transfer title. b. Bargain purchase option. The lease contains a bargain purchase option. c. Lease term. The lease term is equal to 75 percent or more of the estimated economic life of the leased property. d. Minimum lease payments. The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at lease inception over any related investment tax credit retained by the lessor and expected to be realized by the lessor.

Operating leases primarily relate to the Company's leases of office spaces. When the terms of an operating lease include tenant improvement allowances, periods of free rent, rent concessions, and/or rent escalation amounts, the Company establishes a deferred rent liability for the difference between the scheduled rent payment and the straight-line rent expense recognized, which is amortized over the underlying lease term on a straight-line basis as a reduction of rent expense.

Related Parties

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved b. description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Commitment and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company’s business, financial position, and results of operations or cash flows.

Revenue Recognition

On October 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), using the modified retrospective transition method. Management determined that there was no cumulative effect adjustment to the consolidated financial statements and the adoption of the standard did not require any adjustments to the consolidated financial statements for prior periods. Under the guidance of the standard, revenue represents the amount received or receivable for goods and services supplied by the Company to its customers. Company recognizes revenue at the time a good or service is transferred to a customer and the customer obtains control of that good or receives the service performed. Most of the Company’s sales arrangements with customers are short-term in nature involving single performance obligations related to the delivery of goods or repair of equipment and generally provide for transfer of control at the time of shipment to the customer. The Company generally permits returns of product or repaired equipment due to defects; however, returns are historically insignificant.

In accordance with the authoritative guidance issued by the FASB on revenue recognition, the Company recognizes revenue from cost reimbursable contracts based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Revenue from long-term fixed price contracts is recognized using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognized only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognized immediately in the income statement. Revenue from short-term contracts is recognized when delivery has occurred, and collection of the resulting receivable is deemed probable. Timing of revenue recognition may differ from the timing of invoicing to customers.

The Company records a liability when receiving cash in advance of delivering goods or services to the customer. This liability is reversed against the receivable recognized when those goods or services are delivered

Warranties

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While the Company engages in product quality programs and processes, including monitoring and evaluating the quality of its component suppliers, its warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from its estimates, revisions to the estimated warranty liability may be required.

Shipping and Handling Costs

The Company accounts for shipping and handling fees in accordance with paragraph 605-45 of the FASB Accounting Standards Codification. Amounts charged to customers for shipping products are included in revenues, the related costs are classified in cost of goods sold as incurred.

Income Tax Provision

The Company accounts for income taxes under ASC 740-10, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Operations and Comprehensive Income in the period that includes the enactment date.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. The Company will accrue for interest and penalties on income taxes when there is a likelihood that they will occur and can be reasonably estimated.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying consolidated balance sheets, as well as tax credit carry-backs and carry-forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its consolidated balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions including the United States, Germany, Romania, India, and Hong Kong in The People’s Republic of China, and is subject to audit in these jurisdictions. In management’s opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Uncertain Tax Positions

For the years ended September 30, 2019 and 2018, the Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits. The Company will record any interest and/or penalties arising from uncertain tax provisions when they are likely to occur and reasonably estimable.

Accounting for Share-Based Compensation

The Company follows ASC 718 ("Share-Based Payment"), which requires that all share-based payments to employees, including stock options, stock appreciation rights (SARs) and common stock share awards, be recognized as compensation expense in the consolidated financial statements based on their fair values and over the requisite service period.

The fair value for options granted was determined at the date of grant using a Black-Scholes valuation model and the straight-line attribution approach using the following weighted average assumptions: The risk-free interest rate used in the Black-Scholes valuation method is based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term. Other than a one-time dividend paid in fiscal year 2017, the Company never declared or paid any cash dividends and does not currently expect to do so in the future. Expected volatility is based on the annualized daily historical volatility of the Company's stock over a representative period. The weighted-average expected life represents the period over which stock-based awards are expected to be outstanding and was determined based on a number of factors, including historical weighted average and projected holding periods for the remaining unexercised shares, the contractual terms of the Company's stock-based awards, vesting schedules and expectations of future employee behavior.

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent share arrangements, stock options and warrants.

	For the year ended September 30,	
	2019	2018
Basic weighted average shares outstanding	2,267,501	1,404,533
Dilutive effect of options	-	-
Dilutive effect of convertible debt	-	-
Diluted weighted average shares outstanding	2,267,501	1,404,533

For the years ended September 30, 2019 and 2018, 1,483,965 and 843,625 shares of common stock, respectively, were excluded from the computation of diluted earnings per share because the effect of their inclusion would be anti-dilutive.

Foreign Currency Translation Gain and Comprehensive Income (Loss)

In countries in which the Company operates, and the functional currency is other than the U.S. dollar, assets and liabilities are translated using published exchange rates in effect at the consolidated balance sheet date. Revenues and expenses and cash flows are translated using an approximate weighted average exchange rate for the period. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income on the accompanying consolidated balance sheet. For the years ending September 30, 2019 and September 30, 2018, comprehensive loss includes a gain of $1,279,301 and a loss of $320,805, respectively, which were entirely from foreign currency translation.

As of and for the year ended September 30, 2019 the Company used the following exchange rates.

Currency	Exchange rate at September 30, 2019	Approximate weighted average exchange rate For the year ended September 30, 2019	Exchange rate at September 30, 2018	Approximate weighted average exchange rate For the year ended September 30, 2018
Euro	1.091	1.128	1.170	1.190
Indian Rupee	0.014	0.014	0.014	0.015
Great Britain Pound	1.240	1.230	N/A	N/A

Equity Method of Accounting for Investments

The Company evaluates the method of accounting for investments in which it holds an equity interest based on the amount of control it exercises over the operations of the investee, exposure to losses in excess of its investment, the ability to significantly influence the investee and whether the Company is the primary beneficiary of the investee. Under the voting interest model, the Company applies the equity method when the Company owns or controls from 20% to 50% of the voting shares, or below 20% of the voting shares when significant influence can be exercised over the operating and financial policies of the investee company.

Cash Flows Reporting

The Company adopted uses the indirect or reconciliation method ("Indirect method") as to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period.

Subsequent Events

The Company will evaluate subsequent events through the date when the financial statements were issued. It is the Company's policy to disclose subsequent information that it feels is important to the context of the financial statements.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

<u>Recently Adopted Accounting Pronouncements</u>

Adoption of ASC 606

Effective October 1, 2018, the Company adopted ASC 606 using the modified retrospective approach for all of its contracts. Following the adoption of ASC 606, the Company continues to recognize revenue at a point-in-time when control of goods transfers to the customer. This is consistent with the Company's previous revenue recognition accounting policy under which the Company recognized revenue when title and risk of loss pass to the customer and collectability was reasonably assured. ASC 606 did not impact the Company's presentation of revenue on a gross or net basis. The Company recognizes contract revenue from the sales of services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly. In addition, there was no impact of adoption on the statement of operations or balance sheet as of September 30, 2019 or for the twelve months then ended. The Company expects the impact of adopting the new revenue standard to be immaterial to net income on an ongoing basis.

NOTE 3 PURCHASED ASSETS AND INVESTMENTS

On March 23, 2018, in a private resale transaction, Cemtrex purchased 7,284,824 shares of common stock and a warrant to purchase an additional 1,500,000 shares of common stock of Vicon Industries, Inc. (OTCMKTS: VCON), (“Vicon”), from a former Vicon shareholder NIL Funding Corporation, pursuant to the terms of a Securities Purchase Agreement. Cemtrex’s purchase of the Vicon Industries common stock and warrant resulted in its beneficial ownership of approximately 46% of the outstanding shares of common stock of Vicon. Cemtrex purchased the shares of common stock and warrant of Vicon Industries in exchange for 126,579 shares of Cemtrex common stock. Following the closing of the transaction, Saagar Govil, Cemtrex’s Chairman and Chief Executive Officer, and Aron Govil, Cemtrex’s Executive Director, joined the Vicon Industries Board of Directors and Saagar Govil assumed the position of Chief Executive Officer of Vicon Industries. Following the resignation of all other Board members by January 2019, the Company gained the ability to exercise significant management control over the operations of Vicon. Because of this increased management ability, and pursuant to GAAP, the Company has consolidated the accounts of Vicon into its financial statements beginning as of January 14, 2019. Prior to January 14, 2019, the Company reported its 48% ownership of Vicon as an asset with a balance of $1,356,495 and was using the equity method of accounting for this asset. At January 14, 2019, the fair market value of the Company’s investment in Vicon was determined to be $527,089 and the Company reported as other expense a loss of $829,406, to adjust the carrying value to fair value under ASC 805. Upon recording the fair value of the assets and liabilities of Vicon, $1,893,075 was recorded as Goodwill. Goodwill may be adjusted, as allowed by ASC 805, within a one-year time period if the fair value of assets and liabilities is determined to be different than originally recorded by the Company. On May 13, 2019, the Company acquired 15,000,000 shares of Vicon common stock in exchange for $300,000 owed by Vicon to the Company for services provided. The Company now owns approximately 72% of Vicon’s outstanding shares of common stock.

NOTE 4 – DISCONTINUED OPERATIONS

ROB Cemtrex GmbH and Subsidiaries

On August 15, 2019 the Company sold its Electronics Manufacturing business consisting of its subsidiaries ROB Cemtrex GmbH, ROB Systems Srl, ROB Cemtrex Assets UG, ROB Cemtrex Logistics GmbH (the “Disposition”) to a third party for total consideration of €6,367,199, ($7,061,224 based on the exchange rate on the date of Disposition). The Company received cash, net of expenses of €2,294,903, ($2,537,895 based on the exchange rate on the dates of cash exchanges), A note payable in the amount of €1,500,000, ($1,663,500 based on the exchange rate on the date of Disposition), this note bears interest of 3% and is due one year form the date of disposition, A note payable in the amount of €1,350,000, ($1,497,150 based on the exchange rate on the date of Disposition), this note bears interest of 3% and is due two years form the date of disposition, and the payment of certain liabilities held by the disposed subsidiaries of €1,222,296 ($1,362,679 based on the exchange rate on the date of Disposition). The calculation of the pretax loss on the disposition is as follows;

Purchase Price	7,061,224
Less Liabilities assumed	(1,362,679)
Net purchase price	5,698,545
Assets Sold	
Accounts receivable, net	5,434,894
Inventory, net	9,676,746
Prepaid expenses and other current assets	48,674
Property and equipment, net	6,594,945
	21,755,259
Liabilities Transferred	
Accounts payable	4,113,274
Short-term liabilities	991,518
Accrued expenses	1,421,833
Bank loans and and mortgage	3,942,348
	10,468,973
Net assets sold	11,286,286
Pretax loss on sale of ROB Cemtrex Companies	(5,587,741)

Griffin Filters, LLC

On August 31, 2019, the Company entered into an Asset Purchase Agreement for sale of Griffin Filters with Ducon Technologies, Inc., a related party, for total consideration of $550,000. The calculation of the pretax loss on the sale is as follows;

Purchase Price	550,000
Assets Sold	
Accounts receivable, net	166,393
Inventory, net	213,289
Prepaid expenses and other assets	1,197,235
	1,576,917
Liabilities Transferred	
Accounts payable	240,095
	240,095
Net assets sold	1,336,822
Pretax loss on sale of ROB Cemtrex Companies	(786,822)

EXIT FROM ENVIRONMENTAL BUSINESS

During fiscal 2019, the Company also reached a strategic decision to exit the environmental products business, which was part of Industrial Services group. Accordingly, the Company has reported the results of the environmental control products business as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets.

Assets and liabilities included within discontinued operations on the Company's Consolidated Balance Sheets at September 30, 2019 and 2018 are as follows;

Assets	September 30, 2019	September 30, 2018
Current assets		
Trade receivables, net	-	6,365,459
Trade receivables - related party	55,600	-
Inventory –net of allowance for inventory obsolescence	-	10,808,356
Prepaid expenses and other assets	-	1,317,987
Total current assets	55,600	18,491,802
Property and equipment, net	8,761,677	10,605,387
Other	-	74,125
Total Assets	**$ 8,817,277**	**$ 29,171,314**
Liabilities		
Current liabilities		
Accounts payable	$ 263,832	$ 4,950,650
Short-term liabilities	-	5,539,191
Accrued expenses	-	906,103
Accrued income taxes	-	243,646
Total current liabilities	263,832	11,639,590
Long-term liabilities		
Loans payable to bank, net of current portion	-	1,054,961
Mortgage payable, net of current portion	-	3,568,545
Total long-term liabilities	-	4,623,506
Total liabilities	$ 263,832	$ 16,263,096

Income (loss) from discontinued operations, net of tax and the loss on sale of discontinued operations, net of tax, of the ROB Cemtrex Companies and Griffin Filters business which are presented in total as discontinued operations, net of tax in the Company's Consolidated Statements of Operations for the years ended September 30, are as follows:

	Years Ended September 30, 2019	2018
Total net sales	$ 42,614,107	$ 67,295,102
Cost of sales	25,788,268	44,125,799
Operating, selling, general and administrative expenses	20,374,141	21,519,660
Other expenses	264,505	(398,898)
Income (loss) from discontinued operations	(3,812,807)	2,048,541
Loss on sale of discontinued operations	(6,374,563)	-
Income tax provision	372,593	261,804
Discontinued operations, net of tax	(10,559,963)	1,786,737

NOTE 5 – SEGMENT AND GEOGRAPHIC INFORMATION

The Company reports and evaluates financial information for two segments: Advanced Technologies (AT) segment, and the Industrial Services (IS) segment. The AT segment develops smart devices and provides progressive design and development solutions to create impactful experiences for mobile, web, virtual and augmented reality, wearables and television as well as providing cutting edge, mission critical security and video surveillance. The IS segment offers single-source expertise and services for rigging, millwrighting, in plant maintenance, equipment erection, relocation, and disassembly to diversified customers in USA in industries such as: chemical, steel, printing, construction, & petrochemical.

The following tables summarize the Company's segment information:

	For the years ended September 30,	
	2019	**2018**
Revenues from external customers		
Advanced Technologies	$ 19,268,687	$ 1,765,106
Industrial Services	19,996,354	20,876,311
Total revenues	$ 39,265,041	$ 22,641,417
Gross profit		
Advanced Technologies	$ 8,296,186	$ 1,118,366
Industrial Services	7,266,488	7,097,588
Total gross profit	$ 15,562,674	$ 8,215,954
Operating (loss) income		
Advanced Technologies	$ (5,633,572)	$ (8,704,278)
Industrial Services	(1,813,778)	(3,875,030)
Total operating loss	$ (7,447,350)	$ (12,579,308)
Other income (expense)		
Advanced Technologies	$ (4,441,385)	$ 8,346
Industrial Services	(406,826)	(132,197)
Total other income (expense)	$ (4,848,211)	$ (123,851)
Depreciation and Amortization		
Advanced Technologies	$ 1,350,079	$ 573,395
Industrial Services	1,663,907	1,425,578
Total depreciation and amortization	$ 3,013,986	$ 1,998,973

	September 30, 2019	September 30, 2018
Identifiable Assets		
Advanced Technologies	$ 14,872,708	$ 5,569,383
Industrial Services	29,519,989	34,119,742
Discontinued operations	-	$ 25,589,642
Total Assets	$ 44,392,697	$ 65,278,767

The Company generates revenue from product sales and services from its subsidiaries located in the United States, The United Kingdom, India, and Hong Kong. Revenue and long-lived asset information for the Company is as follows:

Revenues	September 30, 2019	September 30, 2018
U.S. Operations	$ 35,320,625	$ 22,267,693
Non-U.S. Operations	3,944,416	373,724
	$ 39,265,041	$ 22,641,417

Long-lived Assets	September 30, 2019	September 30, 2018
U.S. Operations	$ 5,395,353	$ 6,262,163
Non-U.S. Operations	11,381,199	21,038,491
	$ 16,776,552	$ 27,300,654

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy is applied to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the guidance for fair value measurements are described below:

Level 1 — Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Our Level 1 assets include cash equivalents, banker’s acceptances, trading securities investments and investment funds. We measure trading securities investments and investment funds at quoted market prices as they are traded in an active market with sufficient volume and frequency of transactions.

Level 2 — Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified contractual term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include cost method investments, goodwill, intangible assets, and property, plant and equipment, which are measured at fair value using a discounted cash flow approach when they are impaired. Quantitative information for Level 3 assets and liabilities reviewed at each reporting period includes indicators of significant deterioration in the earnings performance, credit rating, asset quality, business prospects of the investee, and financial indicators of the investee’s ability to continue as a going concern.

The Company's fair value assets for the years ended September 30, 2019 and 2018 are as follows;

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2019
Assets				
Investment in trading securities				
(included in short-term investments)	$ 412,730	$ -	$ -	$ 412,730
	$ 412,730	$ -	$ -	$ 412,730

NOTE 7 – RESTRICTED CASH

A subsidiary of the Company participates in a consortium in order to self-insure group care coverage for its employees. The plan is administrated by Benecon Group and the Company makes monthly deposits in a trust account to cover medical claims and any administrative costs associated with the plan. These funds, as required by the plan are restricted in nature and amounted to $1,088,091 and $1,342,163 as of September 30, 2019 and 2018, respectively. The Company also records a liability for claims that have been incurred but not recorded at the end of each year. The amount of the liability is determined by Benecon Group. The liability recorded in accrued expenses amounted to $118,889 and $104,987 as of September 30, 2019 and 2018, respectively.

NOTE 8 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	September 30, 2019	September 30, 2018
Accounts receivable	$ 7,065,035	$ 14,244,363
Allowance for doubtful accounts	(606,051)	(298,708)
	$ 6,458,984	$ 13,945,655

Accounts receivable include amounts due for shipped products and services rendered.

Allowance for doubtful accounts include estimated losses resulting from the inability of our customers to make required payments.

NOTE 9 – INVENTORY, NET

Inventory, net of reserves, consist of the following:

	September 30, 2019	September 30, 2018
Raw materials	$ 4,917,700	$ 8,654,497
Work in progress	543,857	1,412,828
Finished goods	3,683,810	2,298,081
	9,145,367	12,365,406
Less: Allowance for inventory obsolescence	(3,938,212)	(1,010,948)
Inventory –net of allowance for inventory obsolescence	$ 5,207,155	$ 11,354,458

NOTE 10 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	September 30, 2019	September 30, 2018
Land	$ -	$ 1,063,715
Building and leasehold improvements	1,233,733	5,321,926
Furniture and office equipment	614,569	2,685,315
Computers and software	5,166,922	6,762,046
Trade show display	89,330	-
Machinery and equipment	23,463,953	22,102,390
	30,568,507	37,935,392
Less: Accumulated depreciation	(13,791,955)	(10,634,738)
Property and equipment, net	$ 16,776,552	$ 27,300,654

The Company completed the annual impairment test of property and equipment and determined that there was no impairment as the fair value of property and equipment, substantially exceeded their carrying values at September 30, 2019. Depreciation and amortization of property and equipment totaled approximately $3,013,986 and $4,181,120 for fiscal years ended September 30, 2019 and 2018, respectively. At September 30, 2019, the Company has $8,761,677 net value of property and equipment that are considered idol.

NOTE 11 – PREPAID AND OTHER CURRENT ASSETS

On September 30, 2019, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of $530,447, and other current assets of $1,469,818. On September 30, 2018, the Company had prepaid and other current assets consisting of prepayments on inventory purchases of $1,026,441, other current assets of $1,115,201 and other receivables of $1,991,354.

NOTE 12 – OUTSTANDING INDEBTEDNESS

On September 30, 2019 and 2018 the Company's total net debt outstanding consisted of the amounts set forth in the following table.

	September 30, 2019	September 30, 2018
Short-term liabilities	$ 6,840,252	$ 50,619
Long-term Liabilities, net of current portion(1)	5,058,187	3,612,626
Total Debt	11,898,439	3,663,245
Less Cash and Cash equivalents	(1,769,994)	(973,772)
Net Debt	10,128,445	2,689,473

(1) Amounts are net of unamortized debt issuance costs of $544,778 at September 30, 2019 and $0 at September 30, 2018.

NOTE 13 - OTHER ASSETS

As of September 30, 2019, the Company had other assets of $497,857 which was comprised of rent security of $127,246, other assets of $370,611. As of September 30, 2018, the Company had other assets of $126,078 which was comprised of rent security of $126,078.

NOTE 14 – SHORT-TERM LIABILITIES

The Company has an authorized $3,500,000 line of credit with Fulton Bank. The line of credit bears interest at one-month LIBOR plus 200 basis points (4.14% as of September 30, 2019). Borrowings on this line of credit amounted to $572,046 and $1,355,411 as of September 30, 2019 and 2018, respectively, which includes bank overdrafts on the cash management agreement of $146,234 and $60,897 as of September 30, 2019 and 2018, respectively. This line of credit carries loan covenants which the Company was in compliance with as of September 30, 2019.

On September 21, 2018, the Company's subsidiary, Vicon, entered into a $5,600,000 Term Loan Agreement with NIL Funding Corporation. This note carries interest of 8.95% and has a maturity date of March 30, 2020. As of September 30, 2019, $5,425,000 of this note remains outstanding. This loan carries loan covenants which the Company was in compliance with as of September 30, 2019.

On January 31, 2019 the Company entered into a loan agreement with an independent third party for $1,072,000. This note bears interest of 20% and matures in October of 2019. As of September 30, 2019, the balance on this note was $21,170, net of unamortized discount of $36,710. This debt was settled in October 2019.

As of September 30, 2019, there were $968,270 in current portion of long-term liabilities.

NOTE 15 – LONG-TERM LIABILITIES

Loans payable to bank

On December15, 2015, the Company acquired a loan from Fulton Bank in the amount of $5,250,000 in order to fund the purchase of Advanced Industrial Services, Inc. $5,000,000 of the proceeds went to direct purchase of AIS. This loan carries interest of LIBOR plus 2.25% per annum (4.29% as of September 30, 2019) and is payable on December 15, 2022. This loan carries loan covenants which the Company was in compliance with as of September 30, 2019.

On December15, 2015, the Company acquired a loan from Fulton Bank in the amount of $620,000 in order to fund the operations of Advanced Industrial Services, Inc. This loan carries interest of LIBOR plus 2.00% per annum (4.04% as of September 30, 2019) and is payable on December 15, 2020. This loan carries loan covenants which the Company was in compliance with as of September 30, 2019.

On May 1, 2018, the Company acquired a loan from Fulton Bank in the amount of $400,000 in order to fund new equipment for Advanced Industrial Services, Inc. This loan carries interest of LIBOR plus 2.00% per annum (4.04% as of September 30, 2019) and is payable on May 1, 2023. This loan carries loan covenants which the Company was in compliance with as of September 30, 2019.

Notes payable

On December 15, 2015, the Company issued promissory notes payable to the sellers of AIS for $1,500,000 to fund the purchase of AIS. These notes carry interest of 6% and are due September 2022.

Upon acquisition of AIS, the Company assumed a promissory note related to the purchase of shares from a former shareholder in 2011. The note requires ten annual payments of principal plus interest at treasury bill rates. The note matures in 2022.

On June 17, 2019, Cemtrex Inc., issued a note payable to an independent third-party in the amount of $1,528,000. This note carries interest of 10% an matures on December 17, 2020.

On July 15, 2019, Cemtrex Inc., issued a note payable to an independent third-party in the amount of $1,725,000. This note carries interest of 8% an matures on January 15, 2021.

Estimated maturities of our long-term debt over the next 5 years are as follows;

	2020	2021	2022	2023	Total
Fulton Bank - $5,250,000	719,863	749,519	782,269	427,758	$ 2,679,409
Fulton Bank - $620,000	130,157	37,564	-	-	$ 167,721
Fulton Bank - $400,000	78,613	82,141	85,792	75,483	$ 322,029
Promisorry Note - AIS	17,185	17,185	17,269	-	$ 51,639
Capital Lease Obligations	22,452	20,061	-	-	$ 42,513
Notes Payable Cemtrex, Inc. (1)	-	2,783,207	-	-	$ 2,783,207
TOTAL	$ 968,270	$ 3,689,677	$ 885,330	$ 503,241	$ 6,046,518

(1) Net of unamortized original issue discounts of $544,778

NOTE 16 – RELATED PARTY TRANSACTIONS

On August 31, 2019, the Company entered into an Asset Purchase Agreement for the sale of Griffin Filters, LLC to Ducon Technologies, Inc., which Aron Govil, the Company's CFO, is President, for total consideration of $550,000. As of September 30, 2019, and 2018, there was $227,019 and $31,690 in trade receivables due from Ducon Technologies, Inc., respectively.

NOTE 17 – SHAREHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 shares of Preferred Stock, $0.001 par value. As of September 30, 2019, and September 30, 2018, there were 3,110,718 and 2,914,168 shares issued and outstanding, respectively.

Series A Preferred stock

Each issued and outstanding Series A Preferred Share shall be entitled to the number of votes equal to the result of: (i) the number of shares of common stock of the Company issued and outstanding at the time of such vote multiplied by 1.01; divided by (ii) the total number of Series A Preferred Shares issued and outstanding at the time of such vote, at each meeting of shareholders of the Company with respect to any and all matters presented to the shareholders of the Company for their action or consideration, including the election of directors. Holders of Series A Preferred Shares shall vote together with the holders of Common Shares as a single class.

The Series A Preferred Stock has no liquidation value or preference.

During the twelve-month periods ended September 30, 2018 and 2017, the Company did not issue any Series A Preferred Stock.

As of September 30, 2019, and September 30, 2018, there were 1,000,000 shares of Series A Preferred Stock issued and outstanding, respectively.

Series B Preferred Stock

On March 22, 2019, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with an unaffiliated institutional investor (the “Investor”), pursuant to which the Company agreed to issue to the Investor 2,500 shares of common stock, a warrant to purchase 25,000 shares of common stock and 2,100 shares of Series B Preferred Stock, stated value $500 per share. The Series B Preferred Stock has a maturity date of one year from the issuance date and the Company has agreed to pay dividends on the outstanding shares of Series B Preferred at the rate equal to 7.5% per annum (increasing by 10% upon the occurrence of each trigger (or default) event). Dividends are payable on the date the shares of Series B Preferred are converted or on maturity. The dividends must be paid in cash or, in certain circumstances, may be paid in shares of Common Stock. 1,050 shares of Series B Preferred Stock, 2,500 shares of Common Stock, and a Series B warrant to purchase 25,000 shares of common stock were issued for gross proceeds of $500,000. After deducting offering expenses of $25,000 the Company received $475,000 in net proceeds. Subsequently, the Company issued 1,384,485 (175,562 as adjusted for the reverse stock split) shares of common stock to convert 700 shares of Series B Preferred Stock and recognized $154,511 on the amortized deemed dividend. On June 10, 2019, the Company settled with the Investor to cancel all outstanding Series B Preferred Stock and Series B Warrants for the sum of $1,000,000, There are no shares of Series B Preferred Stock are issued or outstanding. The sum of $666,667 has been recognized as other loss and associated legal costs have been expensed as a result of this transaction.

Series 1 Preferred Stock

Dividends

Holders of the Series 1 Preferred will be entitled to receive cumulative cash dividends at the rate of 10% of the purchase price per year, payable semiannually on the last day of March and September in each year. Dividends may also be paid, at our option, in additional shares of Series 1 Preferred, valued at their liquidation preference. The Series 1 Preferred will rank senior to the common stock with respect to dividends. Dividends will be entitled to be paid prior to any dividend to the holders of our common stock.

Liquidation Preference

The Series 1 Preferred will have a liquidation preference of $10 per share, equal to its purchase price. In the event of any liquidation, dissolution or winding up of our company, any amounts remaining available for distribution to stockholders after payment of all liabilities of our company will be distributed first to the holders of Series 1 Preferred, and then *pari passu* to the holders of the Series A preferred stock and our common stock. The holders of Series 1 Preferred will have preference over the holders of our common stock on any liquidation, dissolution or winding up of our company. The holders of Series 1 Preferred will also have preference over the holders of our Series A preferred stock.

Voting Rights

Except as otherwise provided in the certificate of designation, preferences and rights or as required by law, the Series 1 Preferred will vote together with the shares of our common stock (and not as a separate class) at any annual or special meeting of stockholders. Except as required by law, each holder of shares of Series 1 Preferred will be entitled to two votes for each share of Series 1 Preferred held on the record date as though each share of Series 1 Preferred were 2 shares of our common stock. Holders of the Series 1 Preferred will vote as a class on any amendment altering or changing the powers, preferences or special rights of the Series 1 Preferred so as to affect them adversely.

No Conversion

The Series 1 Preferred will not be convertible into or exchangeable for shares of our common stock or any other security.

Rank

The Series 1 Preferred will rank with respect to distribution rights upon our liquidation, winding-up or dissolution and dividend rights, as applicable:

- senior to our Series A preferred stock, common stock and any other class of capital stock we issue in the future unless the terms of that stock provide that it ranks senior to any or all of the Series 1 Preferred;
- on a parity with any class of capital stock we issue in the future the terms of which provide that it will rank on a parity with any or all of the Series 1 Preferred;
- junior to each class of capital stock issued in the future the terms of which expressly provide that such capital stock will rank senior to the Series 1 Preferred and the common stock; and
- junior to all of our existing and future indebtedness.

As of September 30, 2019, and 2018 there were 2,110,718 and 1,914,168 shares of Series 1 Preferred Stock issued and outstanding, respectively.

For the fiscal years ended September 30, 2019 and 2018, 196,550 and 91,508 shares of Series 1 Preferred Stock were issued to pay $1,965,500 and $915,080 worth of dividends to holders of Series 1 Preferred Stock, respectively.

Common Stock

The Company is authorized to issue 20,000,000 shares of common stock, $0.001 par value. As of September 30, 2019, there were 3,962,790 shares issued and outstanding and at September 30, 2018, there were 1,621,719 shares issued and outstanding.

During the fiscal years ended September 30, 2019 and 2018, 1,847,832 and 69,120 shares of the Company's common stock have been issued to satisfy $5,047,569 and $1,054,144 of notes payable and accumulated interest, respectively.

Reverse Stock Split

On May 28, 2019, the Company filed the Charter Amendment with the Delaware Secretary of State to effect a 1-for-8 reverse split of the outstanding shares of the Company's common stock (the "Reverse Stock Split"). As a result, every eight outstanding shares of the Company's common stock combined automatically into one share of common stock. Each stockholder's percentage ownership in the Company and proportional voting power remains unchanged after the Reverse Stock Split, except for minor changes and adjustments resulting from the treatment of fractional shares.

On June 13, 2019, the Reverse Stock Split became effective and that trading in its common stock on the NASDAQ Capital Markets Exchange on a split-adjusted basis began on the morning of June 13, 2019. All share amounts and per share amounts have been adjusted to reflect the reverse stock split in the prior periods presented.

Subscription Rights Offering

Subscription Rights Offering

On November 26, 2018, Cemtrex, Inc. (the “Company”) commenced a rights offering to its stockholders (“Rights Offering”). Pursuant to the Rights Offering, the Company has distributed, at no charge to holders of record of the Company’s common stock and series 1 warrants as of November 19, 2018 (the “Record Date”), non-transferable subscription rights to purchase up to an aggregate of $2,700,000 worth of shares of common stock, at a purchase price equal to the lesser of (i) $1.06 per share (in which case 2,547,170 shares may be sold), or (ii) 95% of the volume weighted average price of the Company’s common stock for the five trading day period through and including December 19, 2018, which is the initial expiration date of the Rights Offering, all as set forth in the Prospectus Supplement filed on November 21, 2018 with the Securities and Exchange Commission (the “Prospectus Supplement”). On December 19, 2018 the price was set at $0.75 per share and the expiration date was extended to December 21, 2018. Each stockholder of record on the Record Date received one right for each one share of common stock held by the stockholder, and each series 1 warrant holder of record on the Record Date received one right for every ten shares for which their warrant is exercisable. Each right entitles the holder to purchase one share of the Company’s common stock, subject to proration. In connection with the Rights Offering, the Company entered into a Dealer-Manager Agreement (the “Agreement”) with Advisory Group Equity Services, Ltd. Doing business as RHK Capital (“RHK”). During 2019, 25,126 shares of common stock were issued for gross proceeds of $150,721. After deducting offering expenses of $12,027 the Company received $138,694 in net proceeds.

At-the-Market Offering Agreement

On January 28, 2019,the “Company entered into an At-the-Market Offering Agreement (the “Agreement”) with Advisory Group Equity Services, Ltd. Doing business as RHK Capital (the “Manager”), pursuant to which the Manager will act as the Company’s sales agent with respect to the issuance and sale of up to $2,000,000 of the Company’s shares of common stock, par value $0.001 per share (the “Shares”), from time to time in an at-the-market public offering (the “Offering”).

Sales of the Shares, through the Manager, will be made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker. The Manager may also sell the Shares in privately negotiated transactions, provided that the Manager receives our prior written approval for any sales in privately negotiated transactions. The Company will pay the Manager a commission equal to 3.0% of the gross proceeds from the sale of the Shares pursuant to the Sales Agreement. During 2019, 223,628 (27,953 as adjusted for the reverse stock split) shares of common stock were issued and are held in trust. During the twelve months ended September 30, 2019, 34,547 were issued for gross proceeds of $209,974. After deducting offering expenses of $6,296 the Company received $203,679 in net proceeds.

Securities Purchase Agreement

On July 1, 2019, the “Company entered into a Securities Purchase Agreement relating to the public offering of 224,215 shares of the Company’s common stock, all of which were sold by the Company to an accredited investor for $2.23 per share. As of September 30, 2019, 224,215 shares of common stock were issued for gross proceeds of $500,000. After deducting offering expenses of $32,500 the Company received $467,500 in net proceeds.

NOTE 18 – SHARE-BASED COMPENSATION

On September 25, 2019, the Company cancelled all outstanding options granted to Saagar Govil, the Company’s Chairman and CEO and granted a stock option for 400,000 shares. These options have an exercise price of $1.90 per share, which vested upon grant and they expire after seven years. Additionally, Mr. Govil was granted additional future options;

(i) 100,000 shares of the Corporation’s common stock, CETX at an exercise price of $1.92 per share on September 25, 2021;
(ii) 100,000 shares of the Corporation’s common stock, CETX at an exercise price of $2.30 per share on September 25, 2023; and
(iii) 100,000 shares of the Corporation’s common stock, CETX at an exercise price of $2.76per share on September 25, 2025.

On September 25, 2019, the Company granted to Aron Govil, the Company’s Executive Director and CFO a stock option for 200,000 shares. These options have an exercise price of $1.90 per share, which vested upon grant and they expire after seven years. Additionally, Mr. Govil was granted additional future options;

(i) 50,000 shares of the Corporation’s common stock, CETX at an exercise price of $1.92 per share on September 25, 2021;

(ii) 50,000 shares of the Corporation's common stock, CETX at an exercise price of $2.30 per share on September 25, 2023; and
(iii) 50,000 shares of the Corporation's common stock, CETX at an exercise price of $2.76 per share on September 25, 2025.

The following weighted-average assumptions were used to estimate the fair value of the common stock option liability at September 30, 2019;

	September 30, 2019
Expected term	5 Years
Risk-free interest rate	1.56%
Expected volatility	94.74%
Expected dividend yield	0%

During the years ended September 30, 2019 and 2018 the Company recognized $622,232 and $401,300 of share-based compensation expense on its outstanding options, respectively.

As of September 30, 2019, there was $405,094 of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a weighted-average period of 5 years.

	Number of Options	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value**
Outstanding at September 30, 2017	54,687	$ 22.96		
Options granted	25,000	$ 21.12		
Options exercised	(576)	$ 14.40		$ 16.08
Options forfeited	-	-		
Outstanding at September 30, 2018	79,111	$ 22.40	4.09	$ -
Options granted	1,050,000			
Options exercised	-			
Options forfeited	(4,111)			
Options cancelled	(75,000)			
Outstanding at September 30, 2019	1,050,000			$ -
Exercisable at September 30, 2018	600,000	$ 1.90	6.99	$ -

NOTE 19 – COMMITMENTS AND CONTINGENCIES

The Company has moved its corporate activities to New York City with a lease of 2,500 square feet of office space at a rate of $13,000 per month that expires June 30, 2020. The Company has recognized $52,000 of lease expense for this lease.

The Company's IS segment leases (i) approximately 25,000 square feet of warehouse space in Manchester, PA from a third party in a seven year lease at a monthly rent of $7,300 expiring on December 13, 2022, the Company has recognized $87,600 of lease expense for this lease, (ii) approximately 43,000 square feet of office and warehouse space in York, PA from a third party in a seven-year lease at a monthly rent of $21,825 expiring on December 13, 2022, the Company has recognized $261,900 of lease expense for this lease. and (iii) approximately 15,500 square feet of warehouse space in Emigsville, PA from a third party in a two-year lease at a monthly rent of $4,555 expiring on August 31, 2022, the Company has recognized $54,660 of lease expense for this lease. Additionally, the Company's IS segment leases various vehicles with monthly lease payments ranging from $84 to $1,979 that terminate during 2019 through 2023. The Company has recognized $336,355 of lease expense for these leases.

The Company's AT segment leases (i) approximately 6,700 square feet of office and warehouse space in Pune, India from a third party in an five year lease at a monthly rent of $6,453 (INR456,972) expiring on February 28, 2024, the Company has recognized $75,783 of lease expense for this lease, (ii) approximately 27,000 square feet of office and warehouse space in Hauppauge, New York from a third party in a five-year lease at a monthly rent of $25,480 expiring on April 30, 2020, the Company has recognized $280,552 of lease expense for this lease, and (iii) approximately 9,400 square feet of office and warehouse space in Southampton, England in a fifteen-year lease with at a monthly rent of $87,745 (£69,250) which expires on March 24, 2031 and contains provisions to terminate in 2021 and 2026, the Company has recognized $280,552 of lease expense for this lease.

Future Lease obligations are as follows;

2020		2,279,105
2021		1,992,196
2022		1,631,046
2023		1,391,304
2024		1,086,790
	$	7,293,580

NOTE 20 – INCOME TAXES

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduces the maximum U.S. federal corporate tax rate from 35% to 21%, allows net operating losses incurred in 2018 and beyond to be carried forward indefinitely, allows alternative minimum tax carryforwards to be partially refunded, beginning in 2018, and fully refunded by 2021, and creates new taxes on certain foreign sourced earnings.

The following is a geographical breakdown of loss before the provision for income taxes:

	Year ended September 30,			
	2019		2018	
Domestic	$	(10,774,136)	$	(7,743,437)
Foreign		(1,864,201)		(6,174,381)
Loss before provision for income taxes	$	(12,638,337)	$	(13,917,818)

The provision for income taxes consisted of the following:

	September 30, 2019		September 30, 2018	
Current (benefit)/provision				
Federal	$	-	$	-
State		7,978		1,859
Foreign		-		245,419
Total current (benefit)/provision		7,978		247,278
Deferred provision				
Federal		(1,343,562)		(2,155,797)
State		-		(667,270)
Foreign		-		16,385
Total deferred provision	$	(1,343,562)	$	(2,806,682)
Total (benefit)/provision for income taxes	$	(1,335,584)	$	(2,559,404)
Effective Income tax rate		10.57%		18.39%

The following is a reconciliation of the effective income tax rate to the federal and state statutory rates:

	For the Fiscal Year Ended September 30, 2019	For the Fiscal Year Ended September 30, 2018
U.S. statutory rate	21.00%	21.00%
State statutory rate	6.50%	6.50%
Foreign tax rate differential	0.00%	-2.22%
Change in valuation allowance	-12.83%	0.00%
Effect of change in rates	-6.23%	0.00%
Nondeducttible expenses	2.13%	-1.20%
Effective rate	10.57%	24.09%

The components of our deferred tax assets and liabilities are summarized as follows:

	September 30, 2019	September 30, 2018
Deferred Tax Assets:		
Net operating loss carryforwards	$ 5,635,584	$ 4,153,803
Inventory	12,276	254,579
Prepaid expenses	-	12,837
Gain/loss on fixed asset disposal	13,051	31,747
Allowance for bad debt	3,486	-
Other	665	-
Total gross deferred taxes	5,665,062	4,452,966
Valuation allowance	(2,402,253)	(1,485,437)
Net deferred tax assets	3,262,809	2,967,529
Deferred Tax Liabilities:		
Accrued vacation	(1,804)	(4,336)
Prepaid expenses	(25,305)	-
Goodwill amortization	(112,800)	(71,101)
Research and development expenses	(42,216)	(69,025)
Depreciation	(821,440)	(1,907,385)
Total deferred tax liabilities	(1,003,565)	(2,051,847)
Total deferred tax assets (liabilities)	2,259,244	915,682

NOTE 21– SUBSEQUENT EVENTS

Cemtrex has evaluated subsequent events up to the date the consolidated financial statements were issued. Centrex concluded that the following subsequent events have occurred and require recognition or disclosure in the consolidated financial statements.

Series C Preferred Stock

On October 3, 2019, pursuant to Article IV of our Articles of Incorporation, our Board of Directors voted to designate a class of preferred stock entitled Series C Preferred Stock, consisting of up to one hundred thousand (100,000) shares, par value $0.001. Under the Certificate of Designation, holders of Series C Preferred Stock are entitled to the number of votes equal to the result of (i) the total number of shares of Common Stock outstanding at the time of such vote multiplied by 10.01, and divided by (ii) the total number of shares of Series C Preferred Stock outstanding at the time of such vote, at each meeting of our shareholders with respect to any and all matters presented to our shareholders for their action or consideration, including the election of directors.

Appointment of Aron Govil as Chief Financial Officer

On October 3, 2019, the board of directors appointed Mr. Aron Govil to act as our Chief Financial Officer. Mr. Govil was previously serving as our interim Chief Financial Officer effective March 22, 2019. The Company entered into an employment agreement with Mr. Govil, whereby the Company agreed to compensate Mr. Govil $250,000 annually and granted him a one-time issuance of 100,000 shares of its Series C Preferred Stock. Mr. Govil is also eligible for annual bonus compensation, stock options, and stock grants based on performance metrics outlined by our board of directors. He is entitled to vacation and sick days, and other benefits included in the agreement.

Notes Payable

On October 23, 2019, Cemtrex Inc., issued a note payable to an independent third-party in the amount of $1,725,000. This note carries interest of 10% and matures on April 23, 2021.

On December 23, 2019, Cemtrex Inc., issued a note payable to an independent third-party in the amount of $1,725,000. This note carries interest of 8% and matures on June 23, 2021.

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of consolidated subsidiary or entity	State or other jurisdiction of incorporation or organization	Date of incorporation or formation (date of acquisition, if applicable)	Attributable interest
Cemtrex Ltd	Hong Kong	September 4, 2013	100%
Advanced Industrial Services, Inc.	Pennsylvania	July 20, 1984 (December 15, 2015)	100%
Cemtrex Advanced Technologies, Inc.	New York	July 11, 2017	100%
Cemtrex Technologies Pvt Ltd.	India	December 21, 2017	100%
Vicon Industries, Inc.	New York	March 23, 2018	72%
Vicon Industries Limited	United Kingdom	March 23, 2018	72%
IQinVision, Inc.	California	March 23, 2018	72%
Vicon Deutschland GmbH)	Germany	March 23, 2018	72%
TeleSite U.S.A., Inc.	New Jersey	March 23, 2018	72%
Vicon Systems Ltd.	Israel	March 23, 2018	72%

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Saagar Govil, certify that:

1. I have reviewed this report on Form 10-K of Cemtrex, Inc., for the fiscal year ended September 30, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 14, 2020

/s/ Saagar Govil

Saagar Govil,
Chairman of the Board, CEO,
President & Secretary (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a/15d OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aron Govil certify that:

1. I have reviewed this report on Form 10-K of Cemtrex, Inc., for the fiscal year ended September 30, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 14, 2020

/s/ Aron Govil

Aron Govil
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Cemtrex, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saagar Govil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: January 14, 2020

/s/ Saagar Govil
Saagar Govil,
Chairman of the Board, CEO,
President & Secretary (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Cemtrex, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Renato Dela Rama, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: January 14, 2020

/s/ Aron Govil

Aron Govil,
Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request