NANOVIRICIDES, INC.
Form 424B5
June 28, 2012

PROSPECTUS SUPPLEMENT Filed Pursuant to Rule 424(b)(5)
(to Prospectus dated March 4, 2010) Registration No. 333-165221

NANOVIRICIDES, INC.

5,000 SHARES OF SERIES C CONVERTIBLE PREFERRED STOCK

5,000,000 SHARES OF COMMON STOCK

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering to an investor 5,000 shares of our Series C Convertible Preferred Stock, $0.001 par value per share (the "Series C Preferred Stock") and are registering up to 5,000,000 shares of our common stock, $0.001 par value per share (the "Common Stock") into which the Series C Preferred Stock is convertible. The investor will purchase 2,500 shares of the Series C Preferred Stock at an initial closing and, assuming all conditions to closing have been satisfied or waived, 2,500 shares of the Series C Preferred Stock at a subsequent closing to occur 10 business days following the date all shares of Series C Preferred Stock purchased at the initial closing have been converted into Common Stock by the investor. As described in this prospectus supplement, shares of the Series C Preferred Stock will automatically convert into a number of shares of our Common Stock commencing on each of the initial closing date and subsequent closing date, and every 14 days thereafter, subject to certain limitations and qualifications. At each conversion date, the conversion price for the Common Stock will equal the lower of (i) 85% of the Common Stock's volume weighted average trading price (the "VWAP") during the 10-day trading period immediately preceding the conversion date and (ii) 88% of the VWAP of the Common Stock on the trading day immediately prior to the conversion date. The number of shares of Series C Preferred Stock converted at each conversion (calculated to four places to the right of the decimal point) shall be determined by dividing the product of fifteen percent (15%) of the total number of shares of Common Stock traded during the preceding ten (10) trading days and the applicable conversion price by $1,000, subject to certain limitations. The number of shares of Common Stock issued upon such conversion shall then be determined by multiplying the number of shares of Series C Preferred Stock converted by $1,000 and dividing the product thereof by the conversion price for such conversion date, subject to certain limitations. No conversion will occur if the VWAP during the 20-day trading period immediately preceding the conversion date does not exceed $0.20 or the registration statement of which this prospectus supplement is a part is not in effect as of such conversion date.

We will issue the Series C Preferred Stock at a purchase price of $1,000 per share, for an aggregate offering price of $5 million assuming both the initial closing and subsequent closing occur. We will receive gross proceeds of $2.5 million at the initial closing and an additional $2.5 million at the subsequent closing. The Series C Preferred Stock is not listed on an exchange, and we do not intend to list the Series C Preferred Stock on any exchange. Our Common Stock trades on the Over-the-Counter-Bulletin Board under the symbol "NNVC.OB." On June 27, 2012, the last reported sale price of our Common Stock on the Over-the-Counter-Bulletin Board was $.60 per share. You are urged to obtain current market quotations of the Common Stock.

We have retained Midtown Partners & Co., LLC as exclusive placement agent in connection with this offering. The placement agent has no obligation to buy any of the securities from us or to arrange for the purchase or sale of any specific number or dollar amount of securities. See "Plan of Distribution" beginning on page S-28 of this prospectus supplement for more information regarding these arrangements.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Maximum Offering Amount
Offering price of Series C Preferred Stock	$1,000.00	$ 5,000,000
Placement agent fees (1)	$	$ 300,000
Proceeds, before expenses, to NanoViricides, Inc.	$	$ 4,700,000

(1) We have agreed to pay the placement agent a cash fee representing 6% of the gross purchase price paid for the shares.

We estimate the total expenses of this offering, excluding the placement agent's fees, will be approximately $50,000.00. The placement agent is not purchasing or selling any of our shares pursuant to this prospectus supplement or the accompanying prospectus, nor are we requiring any minimum purchase or sale of any specific number of shares. We expect that delivery of the 2,500 shares of Series C Preferred Stock being issued and sold at the initial closing pursuant to this prospectus supplement will be made to the purchaser on or about June 28, 2012.

Midtown Partners & Co., LLC

The date of this prospectus supplement is June 28, 2012.

Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about the shares of our common and preferred stock and other securities we may offer from time to time under our shelf registration statement, some of which may not apply to the securities offered by this prospectus supplement. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, the information in this prospectus supplement shall control.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreement, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and information incorporated by reference herein and therein. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that any document incorporated by reference is accurate as of any date other than its filing date. You should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Furthermore, you should not consider this prospectus supplement or the accompanying prospectus to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

This prospectus supplement is part of a registration statement, and the amendments thereto, that we have filed with the Securities and Exchange Commission (Registration File No. 333-165221) utilizing a “shelf” registration process. Under this shelf registration process, we are offering to sell our Series C Preferred Stock and Common Stock issuable upon conversion using this prospectus supplement and the accompanying prospectus. In this prospectus supplement, we provide you with specific information about the securities that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our securities being offered and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. You should read this prospectus supplement and the accompanying prospectus as well as additional information described under “Incorporation of Certain Documents by Reference” on page S-28 of this prospectus supplement before investing in our securities.

This prospectus supplement contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus supplement is a part, and you may obtain copies of those documents as described below under the heading "Where You Can Find More Information."

Unless the context requires otherwise, in this prospectus supplement and the accompanying prospectus the terms "NanoViricides," "we," "us" and "our" refer to NanoViricides, Inc., a Nevada corporation.

Prospective investors may rely only on the information contained in this prospectus supplement. We have not authorized anyone to provide prospective investors with different or additional information. This prospectus supplement is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement is correct only as of the date of this prospectus supplement, regardless of the time of the delivery of this prospectus supplement or any sale of these securities.

FORWARD-LOOKING INFORMATION

We caution you that certain statements contained in this prospectus supplement that are not related to historical results are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are predictive, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "hopes," or similar expressions constitute forward-looking statements. They also include statements regarding:

- our future growth and profitability;
- our competitive strengths; and
- our business strategy and the trends we anticipate in the industries and economies in which we operate.

These forward-looking statements are based on our current expectations and are subject to a number of risks, uncertainties and assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Important factors that could cause actual results to differ materially from those in forward-looking statements include:

- economic downturns, reduced capital expenditures, consolidation and technological and regulatory changes in our industry;
- the highly competitive nature of our industry;
- our ability to attract and retain qualified managers and skilled employees;
- the outcome of our plans for future operations and growth; and
- the other factors referenced in this prospectus supplement, including, without limitation, under "Risk Factors."

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in or imply by any of our forward-looking statements. These and other risks are detailed in this prospectus supplement, in the accompanying prospectus, in the documents that we incorporate by reference into this prospectus supplement and the accompanying prospectus and in other documents that we file with the Securities and Exchange Commission (the "Commission"). We do not undertake any obligation to publicly update or revise these forward-looking statements after the date of this prospectus supplement to reflect future events or circumstances. We qualify any and all of our forward-looking statements by these cautionary factors.

SUMMARY

This summary is not complete and does not contain all of the information you should consider before investing in the securities offered by this prospectus supplement and accompanying prospectus. You should read this summary together with the entire prospectus supplement and accompanying prospectus, including our financial statements, the notes to those financial statements, and the other documents identified under the headings "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" in this prospectus supplement, before making an investment decision. See the Risk Factors section of this prospectus supplement beginning on page S-8 for a discussion of the risks involved in investing in our securities.

Our Business

We are an early developmental stage nano-biopharmaceutical company engaged in the discovery, development and commercialization of anti-viral therapeutics. We have no customers, products or revenues to date, and may never achieve revenues or profitable operations. Our drugs are based on several patents, patent applications, provisional patent applications, and other proprietary intellectual property held by TheraCour Pharma, Inc., one of our principal shareholders, to which we have the licenses in perpetuity for the treatment of the following human viral diseases:

- Influenza, Asian Bird Flu, and H1N1 "Swine Flu" Viruses;
- Herpes Simplex Virus (HSV);
- Human Immunodeficiency Virus (HIV/AIDS);
- Adenoviral Conjunctivitis and Keratitis, and Ocular Indications of Herpes Simplex Types 1 & 2;
- Dengue Fever types I, II, III, & IV;
- Hepatitis B Virus (HBV);
- Hepatitis C Virus (HCV);
- Rabies;
- Ebola and Marburg Viruses;
- Japanese Encephalitis; and
- West Nile Virus.

We focus our laboratory research and pre-clinical programs on specific anti-viral solutions. We are seeking to add to our existing portfolio of products through our internal discovery pre-clinical development programs and through an in-licensing strategy.

Company Information

Our principal executive offices are located at 135 Wood Street, Suite 205, West Haven, Connecticut 06516. Our telephone number is (203) 937-6137. You may also contact us or obtain additional information through our internet website address at www.nanoviricides.com. Information contained on our website is not incorporated into this prospectus supplement and is not a part of this prospectus supplement.

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series C Preferred Stock, see "Description of Preferred Stock" beginning on page S-23 of this prospectus supplement and "Description of Securities" beginning on page S-24 of this prospectus supplement.

Securities offered	2,500 shares of Series C Convertible Preferred Stock, which class of stock we refer to as the Series C Preferred Stock, will be sold at an initial closing (the "Initial Closing") and an additional 2,500 shares of Series C Preferred Stock will be sold at a subsequent closing 10 business days following the date all of the shares of Series C Preferred Stock sold in the Initial Closing have been converted, assuming all conditions to closing have been satisfied or waived (the "Subsequent Closing"). See "Description of Series C Preferred Stock" on page S-26 for a complete description of the factors you should consider carefully before deciding to invest in our Preferred Stock or Common Stock.
Series C Preferred Stock Outstanding After Offering	2,500 shares at the Initial Closing and, assuming all shares of Series C Preferred Stock issued at the Initial Closing have been converted, 2,500 shares at the Subsequent Closing.
Purchase Price	$1,000.00 per share of Series C Preferred Stock.
Conversion; Share Limit	A number of shares of Series C Preferred Stock (or such lesser number that remains unconverted) automatically convert into shares of Common Stock on each of the initial closing date and subsequent closing date, and every 14 days thereafter, subject to certain limitations and qualifications. The number of shares of Series C Preferred Stock converted at each conversion (calculated to four places to the right of the decimal point) shall be determined by dividing the product of fifteen percent (15%) of the total number of shares of Common Stock traded during the preceding ten (10) trading days and the applicable conversion price by $1,000, subject to certain limitations. The number of shares of Common Stock issued upon such conversion shall then be determined by multiplying the number of shares of Series C Preferred Stock converted by $1,000 and dividing the product thereof by the conversion price for such conversion date, subject to the Share Limit (below). The automatic conversion provision shall be suspended if the daily volume weighted average trading price ("VWAP") during the 20 trading day period immediately prior to conversion is less than $0.20 (see "Floor Price" below) or if the registration statement of which this prospectus supplement is a part is not in effect as of the date of conversion. In addition, the investor has the option to reduce the number of shares of Series C Preferred Stock converted on any conversion date if the number of shares of Common Stock to be received by the investor upon conversion is greater than twice the number of shares of Common Stock received by the investor on the immediately preceding conversion date (the "Share Limit"). In such case, the number of shares of Series C Preferred Stock converted will be reduced to an amount equal to as

	near as possible to achieve the Share Limit upon conversion.
Conversion Price	At each conversion date, the conversion price for the Common Stock will equal the lower of (i) 85% of the VWAP of the Common Stock during the 10-day trading period immediately preceding the conversion date and (ii) 88% of the VWAP of the Common Stock on the trading day immediately prior to the conversion date.

Dividends	The Series C Preferred Stock accrues dividends at the rate per annum of 10% per share. The dividend can be paid in either cash or in shares of our Common Stock at a 15% discount to the 10 day VWAP immediately preceding the dividend date. Dividends are cumulative and shall be paid on each conversion date.
Floor Price	The minimum price of $0.20 (the "Floor Price") below which the Series C Preferred Stock cannot be converted to Common Stock.
Voting rights	Holders of the Series C Preferred Stock will generally have no voting rights. However, certain changes or events that would be adverse to the rights of holders of the Series C Preferred Stock cannot be made without the affirmative vote of holders of at least 65% of the then outstanding shares of Series C Preferred Stock, including without limitation the creation of any new class or series of shares having rights, preferences or privileges on par with or senior to those of the Series C Preferred Stock, the redemption or repurchase of 500,000 or more shares of Common Stock (with limited exceptions) and the issuance of debt in excess of $500,000 (with limited exceptions).
Listing	Our Series C Preferred Stock will have no public market.
Form	The Series C Preferred Stock will be issued and maintained in book-entry form registered in the name of Seaside 88, LP.
Use of proceeds	We estimate that our net proceeds from the Initial Closing will be approximately $2,300,000, after deducting the placement agent fee and estimated expenses payable by us in connection with such closing. We intend to use the net proceeds from this offering for working capital and general corporate purposes.
Market for the common stock	Our Common Stock trades on the Over-the-Counter-Bulletin Board under the symbol "NNVC.OB." However, there is no established public trading market for the Series C Preferred Stock, and we do not expect a market to develop.
Risk factors	See "Risk Factors" beginning on page S-8 for a discussion of factors you should consider carefully before deciding to invest in our Series C Preferred Stock or Common Stock.

RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. You should carefully consider the Risk Factors contained in our most recent annual report on Form 10-K, as updated or supplemented by subsequent quarterly reports on Form 10-Q and current reports on Form 8-K to the extent filed, each of which are incorporated herein by reference and the following Risk Factors, as the same may be updated from time to time by our future filings under the Exchange Act, before making an investment decision. If any of such Risk Factors actually occur, our business, results of operations, financial condition and cash flows could be materially adversely affected, the trading price of our common stock could decline significantly, and you might lose all or part of your investment.

Additional risks and uncertainties that we are unaware of or that we believe are not material at this time could also materially adversely affect our business, financial condition or results of operations. In any case, the value of our common stock or Series C Convertible Preferred Stock could decline, and you could lose all or part of your investment, or our use of the offering proceeds may not yield a favorable return on your investment. You should also refer to our financial statements and the notes to those statements, which are incorporated by reference in this prospectus supplement.

Risks Relating to Investing in our Series C Convertible Preferred Stock and the Offering

There is no public market for the Series C Preferred Stock and prospective investors may not be able to resell their shares at or above the offering price, if at all.

There is no market for our company's Series C Preferred Stock and no assurance can be given that an active trading market will develop for the Series C Preferred Stock or, if one does develop, that it will be maintained. In the absence of a public trading market, an investor may be unable to liquidate his investment in our company. The offering price of this Offering is not indicative of future market prices.

The stock market in general may experience extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of the Common Stock, which could cause a decline in the value of the Common Stock. Prospective investors should also be aware that price volatility may be worse if the trading volume of the Common Stock is low.

The price of our Common Stock may be volatile and your investment in our common stock could suffer a decline in value.

As of June 27, 2012, the last trade price of our common stock, as quoted on the NASD OTC Bulletin Board, was $.60. The price may fluctuate significantly in response to a number of factors, many of which are beyond our control. These factors include:

- progress of our products through the regulatory process;
- results of preclinical studies and clinical trials;
- announcements of technological innovations or new products by us or our competitors;
- government regulatory action affecting our products or our competitors' products in both the United States and foreign countries;
- developments or disputes concerning patent or proprietary rights;
- general market conditions for emerging growth and pharmaceutical companies;
- economic conditions in the United States or abroad;
- actual or anticipated fluctuations in our operating results;
- broad market fluctuations; and
- changes in financial estimates by securities analysts.

A significant number of our company's shares will be eligible for sale, and their sale could depress the market price of our company's stock.

As of June 27, 2012, 53,420,010 of approximately 155,285,000 issued and outstanding shares of our company's common stock were restricted securities as defined under Rule 144 of the Securities Act of 1933, as amended (the "Act") and under certain circumstances may be resold without registration pursuant to Rule 144.

Approximately 9,031,792 shares of our restricted shares of common stock are held by non-affiliates who may avail themselves of the public information requirements and sell their shares in accordance with Rule 144. As a result, some or all of these shares may be sold in accordance with Rule 144 potentially causing the price of our company's shares to decline.

In general, under Rule 144, a person (or persons whose shares are aggregated) who is not an Affiliate, as such term is defined in Rule 144(a)(1), of our company and who has satisfied a six month holding period, may sell their shares without any limitation, so long as we continue to file our reports with the Securities and Exchange Commission. Rule 144 also permits, under certain circumstances, the sale of securities, by Affiliates of our company who have satisfied a one year holding, within any three-month period, a number of shares which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale. Any substantial sale of our company's common stock pursuant to Rule 144 may have an adverse effect on the market price of our company's shares.

We do not intend to pay any cash dividends in the foreseeable future and, therefore, any return on your investment in our capital stock must come from increases in the fair market value and trading price of the capital stock.

We have not paid any cash dividends on our common stock and do not intend to pay cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business. Any credit agreements, which we may enter into with institutional lenders, may restrict our ability to pay dividends. Whether we pay cash dividends in the future will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements and any other factors that the board of directors decides is relevant. Therefore, any return on your investment in our capital stock must come from increases in the fair market value and trading price of the capital stock.

We may issue additional equity shares to fund our company's operational requirements which would dilute your share ownership.

Our company's continued viability depends on its ability to raise capital. Changes in economic, regulatory or competitive conditions may lead to cost increases. Management may also determine that it is in the best interest of our company to develop new services or products. In any such case additional financing is required for our company to meet its operational requirements. There can be no assurances that our company will be able to obtain such financing on terms acceptable to our company and at times required by our company, if at all. In such event, our company may be required to materially alter its business plan or curtail all or a part of its operational plans. The sale or the proposed sale of substantial amounts of our common stock in the public markets may adversely affect the market price of our common stock and our stock price may decline substantially.

Risks Related to the Securities Markets and Investments in Our Common Stock

There is limited liquidity on the OTC Bulletin Board.

When fewer shares of a security are being traded on the OTC Bulletin Board, volatility of prices may increase and price movement may outpace the ability of the OTC Bulletin Board to deliver accurate quote information. Due to lower trading volumes in the Common Stock, there may be a lower likelihood of a person’s orders for shares of the Common Stock being executed, and current prices may differ significantly from prices quoted by the OTC Bulletin Board at the time of order entry.

There is a limitation in connection with the editing and canceling of orders on the OTC Bulletin Board.

Orders for OTC Bulletin Board securities may be canceled or edited like orders for other securities. All requests to change or cancel an order must be submitted to, received and processed by the OTC Bulletin Board. Due to the manual order processing involved in handling OTC Bulletin Board trades, order processing and reporting may be delayed. As a result, it may not be possible to edit orders. Consequently, it may not be possible for our company's shareholders to sell the Common Stock at optimum trading prices.

Our company is subject to the periodic reporting requirements of the Exchange Act, which will require us to incur audit fees and legal fees in connection with the preparation of such reports. These additional costs will reduce or might eliminate our profitability.

Our company is required to file periodic reports with the Commission pursuant to the Exchange Act and the rules and regulations promulgated thereunder. To comply with these requirements, our independent registered auditors will have to review our quarterly financial statements and audit our annual financial statements. Moreover, our legal counsel will have to review and assist in the preparation of such reports. The costs charged by these professionals for such services cannot be accurately predicted at this time, because factors such as the number and type of transactions that we engage in and the complexity of our reports cannot be determined at this time and will have a major affect on the amount of time to be spent by our auditors and attorneys. However, the incurrence of such costs will obviously be an expense to our operations and thus have a negative effect on our ability to meet our overhead requirements and earn a profit. We may be exposed to potential risks resulting from new requirements under Section 404 of the Sarbanes-Oxley Act of 2002. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, the trading price of our Common Stock, if a market ever develops, could drop significantly, or we could become subject to Commission enforcement proceedings.

As currently required under Section 404 of the Sarbanes-Oxley Act of 2002, are required to include in our annual report our assessment of the effectiveness of our internal control over financial reporting. The Company conducted an evaluation of the effectiveness of its internal control over financial reporting as of June 30, 2011. Based on its evaluation, the Company concluded that its internal controls over financial reporting were not effective to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission. The material weakness relates to a lack of a functioning audit committee and a lack of outside directors on the Company's Board. The report of our independent registered public accounting firm for the period ending June 30, 2011 indicated that our internal control over financial reporting was not effective as of June 30, 2011. We expect to continue to incur additional expenses and diversion of management's time as a result of performing the system and process evaluation, testing, and remediation required to comply with the management certification and auditor attestation requirements.

If we continue to fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented, or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to help prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results would be harmed, investors could lose confidence in our reported financial information, the trading price of our Common Stock, if a market ever develops, could drop significantly, or we could become subject to the Commission's enforcement proceedings.

Our Common Stock is considered a "penny stock" and may be difficult to sell.

Our Common Stock is considered a "penny stock." The Commission has adopted regulations which generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. Initially, the market price of the Common Stock is likely to be less than $5.00 per share and therefore may be designated as a "penny stock" according to Commission rules. The "penny stock" rules impose additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of securities and have received the purchaser's written consent to the transaction before the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the broker-dealer must deliver, before the transaction, a disclosure schedule prescribed by the Securities and Exchange Commission relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. These additional burdens imposed on broker-dealers may restrict the ability or decrease the willingness of broker-dealers to sell our common shares, and may result in decreased liquidity for our common shares and increased transaction costs for sales and purchases of our common shares as compared to other securities. In addition, since the Common Stock is currently traded on the FINRA Over-the-Counter Bulletin Board, investors may find it difficult to obtain accurate quotations of the Common Stock and may experience a lack of buyers to purchase such stock or a lack of market makers to support the stock price.

There is a risk of market fraud.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. We are aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

If we are unable to recruit and retain qualified personnel, our business could be harmed.

Our growth and success highly depend on qualified personnel. Accordingly, we are obligated to make all efforts to recruit and retain skilled technical, sales, marketing, managerial, manufacturing, and administrative personnel. Competitions among the industry could cause us difficultly to recruit or retain a sufficient number of qualified technical personnel, which could harm our ability to develop new products. If we are unable to attract and retain necessary key talents, it definitely will harm our ability to develop competitive product and keep good customers and could adversely affect our business and operating results.

Because our common stock is quoted on the "OTCBB," your ability to sell shares in the secondary trading market may be limited.

Our common stock is currently quoted on the over-the-counter market on the OTC Electronic Bulletin Board. Consequently, the liquidity of our Common Stock is impaired, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media, if any, of our company. As a result, prices for shares of our common stock may be lower than might otherwise prevail if our common stock was quoted and traded on Nasdaq or a national securities exchange.

Risks Specific to our company

Our company is a development stage company that has no products approved for commercial sale, never generated any revenues and may never achieve revenues or profitability.

We are a development stage biopharmaceutical company. Currently, we have no products approved for commercial sale and, to date, we have not generated any revenues. Our ability to generate revenue depends heavily on:

- demonstration and proof of principle in pre-clinical trials that a nanoviricide® is safe and effective;
- successful development of our first product candidates FluCide, Nanoviricide Eye Drops, HIVCide, HerpeCide or another one of the drug candidates in our pipeline;

- our ability to seek and obtain regulatory approvals, including with respect to the indications we are seeking;
- the successful commercialization of our product candidates; and
- market acceptance of our products.

All of our existing product candidates are in early stages of development. It will be several years, if ever, until we have a commercial drug product available for resale. If we do not successfully develop and commercialize these products, we will not achieve revenues or profitability in the foreseeable future, if at all. If we are unable to generate revenues or achieve profitability, we may be unable to continue our operations.

We are a development stage company with a limited operating history, making it difficult for you to evaluate our business and your investment.

We are in the development stage and our operations and the development of our proposed products are subject to all of the risks inherent in the establishment of a new business enterprise, including but not limited to:

- the absence of an operating history;
- the lack of commercialized products;
- insufficient capital;
- expected substantial and continual losses for the foreseeable future;
- limited experience in dealing with regulatory issues;
- the lack of manufacturing experience and limited marketing experience;
- an expected reliance on third parties for the development and commercialization of our proposed products;
- a competitive environment characterized by numerous, well-established and well capitalized competitors; and
- reliance on key personnel.

Because we are subject to these risks, you may have a difficult time evaluating our business and your investment in our company.

Our ability to become profitable depends primarily on the following factors:

- our ability to develop drugs, obtain approval for such drugs, and if approved, to successfully commercialize our nanoviricide drug;
- our R&D efforts, including the timing and cost of clinical trials; and
- our ability to enter into favorable alliances with third-parties who can provide substantial capabilities in clinical development, regulatory affairs, sales, marketing and distribution.

Even if we successfully develop and market our drug candidates, we may not generate sufficient or sustainable revenue to achieve or sustain profitability.

We have incurred significant operating losses and may not be profitable in the future, if ever.

As of March 31, 2012 we had a cash and cash equivalent balance of $12,984,397. The Company has incurred significant operating losses since its inception, resulting in a deficit accumulated during the development stage of $27,780,057 at March 31, 2012. Such losses are expected to continue for the foreseeable future and until such time, if ever, as the Company is able to attain sales levels sufficient to support its operations. Since May 12, 2010, the Company has consummated a number of Securities Purchase Agreements from an investor with net proceeds in the aggregate amount of $15,000,000 from the offering of shares of the Company's Series B Convertible Preferred Stock. The Company estimates that it has sufficient cash to support operations through March 31, 2014, at our current projected rate of spending.

We will need to raise substantial additional capital in the future to fund our operations and we may be unable to raise such funds when needed and on acceptable terms.

As of March 31, 2012, we had a cash and cash equivalent balance of $12,984,397 which can support current operations through March 31, 2014, at our current projected rate of expenditure. We currently do not have sufficient resources to complete the development and commercialization of any of our proposed products. We estimate that we may incur costs of approximately an additional $10M to $15M in the upcoming eighteen months to construct or obtain facilities to support our first investigational new drug application filing in accordance with our business plan and for further development of our pipeline.

As a result of the above sale of our company's Series C Preferred Stock, our company shall have reserves in excess of $14 million. This will permit us to continue our operations and research and development for the next twenty-four months, but not to fully execute the first phase of our company's business plan. In the event that we cannot obtain acceptable financing, or that we are unable to secure additional financing on acceptable terms, we would be unable to complete development of our various drug candidates. This would necessitate implementing staff reductions and operational adjustments that would include reductions in the following business areas:

- research and development programs;
- preclinical studies and clinical trials; material characterization studies, regulatory processes;
- establishment of our own laboratory or a search for third party marketing partners to market our products for us.

The amount of capital we may need will depend on many factors, including the:

- progress, timing and scope of our research and development programs;
- progress, timing and scope of our preclinical studies and clinical trials;
- time and cost necessary to obtain regulatory approvals;
- time and cost necessary to establish our own marketing capabilities or to seek marketing partners;
- time and cost necessary to respond to technological and market developments;
- changes made or new developments in our existing collaborative, licensing and
- other commercial relationships; and
- new collaborative, licensing and other commercial relationships that we may establish.

Our fixed expenses, such as rent, license payments and other contractual commitments, may increase in the future, as we may:

- enter into leases for new facilities and capital equipment;

- enter into additional licenses and collaborative agreements; and
- incur additional expenses associated with being a public company.

We have limited experience in drug development and may not be able to successfully develop any drugs.

Until the formation of NanoViricide, Inc. our management and key personnel had no experience in pharmaceutical drug development and, consequently, may not be able to successfully develop any drugs. Our ability to achieve revenues and profitability in our business will depend, among other things, on our ability to:

- develop products internally or obtain rights to them from others on favorable terms;
- complete laboratory testing and human studies;
- obtain and maintain necessary intellectual property rights to our products;
- successfully complete regulatory review to obtain requisite governmental agency approvals
- enter into arrangements with third parties to manufacture our products on our behalf; and
- enter into arrangements with third parties to provide sales and marketing functions.

Development of pharmaceutical products is a time-consuming process, subject to a number of factors, many of which are outside of our control. Consequently, we can provide no assurance of the successful and timely development of new drugs.

Our drug candidates are in their developmental stage. Further development and extensive testing will be required to determine their technical feasibility and commercial viability. Our success will depend on our ability to achieve scientific and technological advances and to translate such advances into reliable, commercially competitive drugs on a timely basis. Drugs that we may develop are not likely to be commercially available for a few years. The proposed development schedules for our drug candidates may be affected by a variety of factors, including technological difficulties, proprietary technology of others, and changes in government regulation, many of which will not be within our control. Any delay in the development, introduction or marketing of our drug candidates could result either in such drugs being marketed at a time when their cost and performance characteristics would not be competitive in the marketplace or in the shortening of their commercial lives. In light of the long-term nature of our projects, the unproven technology involved and the other factors described elsewhere in “Risk Factors”, we may not be able to complete successfully the development or marketing of any drugs.

We may fail to successfully develop and commercialize our drug candidates because they:

- are found to be unsafe or ineffective in clinical trials;
- do not receive necessary approval from the FDA or foreign regulatory agencies;
- fail to conform to a changing standard of care for the diseases they seek to treat; or
- are less effective or more expensive than current or alternative treatment methods.

Drug development failure can occur at any stage of clinical trials and as a result of many factors and there can be no assurance that we or our collaborators will reach our anticipated clinical targets. Even if we or our collaborators complete our clinical trials, we do not know what the long-term effects of exposure to our drug candidates will be. Furthermore, our drug candidates may be used in combination with other treatments and there can be no assurance that such use will not lead to unique safety issues. Failure to complete clinical trials or to prove that our drug candidates are safe and effective would have a material adverse effect on our ability to generate revenue and could require us to reduce the scope of or discontinue our operations.

We must comply with significant and complex government regulations, compliance with which may delay or prevent the commercialization of our drug candidates.

The R&D, manufacture and marketing of drug candidates are subject to regulation, primarily by the FDA in the United States and by comparable authorities in other countries. These national agencies and other federal, state, local and foreign entities regulate, among other things, R&D activities (including testing in primates and in humans) and the testing, manufacturing, handling, labeling, storage, record keeping, approval, advertising and promotion of the products that we are developing. Noncompliance with applicable requirements can result in various adverse consequences, including approval delays or refusals to approve drug licenses or other applications, suspension or termination of clinical investigations, revocation of approvals previously granted, fines, criminal prosecution, recalls or seizures of products, injunctions against shipping drugs and total or partial suspension of production and/or refusal to allow a company to enter into governmental supply contracts.

The process of obtaining FDA approval has historically been costly and time consuming. Current FDA requirements for a new human drug or biological product to be marketed in the United States include: (1) the successful conclusion of pre-clinical laboratory and animal tests, if appropriate, to gain preliminary information on the product's safety; (2) filing with the FDA of an IND application to conduct human clinical trials for drugs or biologics; (3) the successful completion of adequate and well-controlled human clinical investigations to establish the safety and efficacy of the product for its recommended use; and (4) filing by a company and acceptance and approval by the FDA of a New Drug Application, or NDA, for a drug product or a biological license application, or BLA, for a biological product to allow commercial distribution of the drug or biologic. A delay in one or more of the procedural steps outlined above could be harmful to us in terms of getting our drug candidates through clinical testing and to market.

The FDA reviews the results of the clinical trials and may order the temporary or permanent discontinuation of clinical trials at any time if it believes the drug candidate exposes clinical subjects to an unacceptable health risk. Investigational drugs used in clinical studies must be produced in compliance with current good manufacturing practice, or GMP, rules pursuant to FDA regulations.

Sales outside the United States of products that we develop will also be subject to regulatory requirements governing human clinical trials and marketing for drugs and biological products and devices. The requirements vary widely from country to country, but typically the registration and approval process takes several years and requires significant resources. In most cases, even if the FDA has not approved a product for sale in the United States, the product may be exported to any country if it complies with the laws of that country and has valid marketing authorization by the appropriate authority. There are specific FDA regulations that govern this process.

We also are subject to the following risks and obligations, related to the approval of our products:

- The FDA or foreign regulators may interpret data from pre-clinical testing and clinical trials in different ways than we interpret them.
- If regulatory approval of a product is granted, the approval may be limited to specific indications or limited with respect to its distribution. In addition, many foreign countries control pricing and coverage under their respective national social security systems.
- The FDA or foreign regulators may not approve our manufacturing processes or manufacturing facilities.
- The FDA or foreign regulators may change their approval policies or adopt new regulations.
- Even if regulatory approval for any product is obtained, the marketing license will be subject to continual review, and newly discovered or developed safety or effectiveness data may result in suspension or revocation of the marketing license.
- If regulatory approval of the product candidate is granted, the marketing of that product would be subject to adverse event reporting requirements and a general prohibition against promoting products for unapproved or "off-label" uses.
- In some foreign countries, we may be subject to official release requirements that require each batch of the product we produce to be officially released by regulatory authorities prior to its distribution by us.
- We will be subject to continual regulatory review and periodic inspection and approval of manufacturing modifications, including compliance with current GMP regulations.

We can provide no assurance that our drug candidates will obtain regulatory approval or that the results of clinical studies will be favorable.

The work-plan we have developed for the next twelve months is planned to enable us to file a pre-IND application for our influenza and HIV drugs in the fiscal year ending June 30, 2012. We believe that this work-plan will lead us to obtain certain information about the safety and efficacy of our influenza and HIV drugs. We need to be able to undertake further studies in animal models to obtain necessary data regarding the pharmaco-kinetic and pharmaco-dynamic profiles of our drug candidates. The data will then be used to file an IND application, towards the goal of obtaining FDA approval for testing the drugs in human patients.

The testing, marketing and manufacturing of any product for use in the United States will require approval from the FDA. We cannot predict with any certainty the amount of time necessary to obtain such FDA approval and whether any such approval will ultimately be granted Preclinical and clinical trials may reveal that one or more products are ineffective or unsafe, in which event further development of such products could be seriously delayed or terminated. Moreover, obtaining approval for certain products may require testing on human subjects of substances whose effects on humans are not fully understood or documented. Delays in obtaining FDA or any other necessary regulatory approvals of any proposed drug and failure to receive such approvals would have an adverse effect on the drug's potential commercial success and on our business, prospects, financial condition and results of operations. In addition, it is possible that a proposed drug may be found to be ineffective or unsafe due to conditions or facts that arise after development has been completed and regulatory approvals have been obtained. In this event, we may be required to withdraw such proposed drug from the market. To the extent that our success will depend on any regulatory approvals from government authorities outside of the United States that perform roles similar to that of the FDA, uncertainties similar to those stated above will also exist.

Even if we obtain regulatory approvals, our marketed drug candidates will be subject to ongoing regulatory review. If we fail to comply with continuing U.S. and foreign regulations, we could lose our approvals to market these drugs and our business would be seriously harmed.

Following any initial regulatory approval of any drugs we may develop, we will also be subject to continuing regulatory review, including the review of adverse experiences and clinical results that are reported after our drug candidates are made commercially available. This would include results from any post-marketing tests or vigilance required as a condition of approval. The manufacturer and manufacturing facilities we use to make any of our drug candidates will also be subject to periodic review and inspection by the FDA. The discovery of any previously unknown problems with the drug, manufacturer or facility may result in restrictions on the drug or manufacturer or facility, including withdrawal of the drug from the market. If we are required to withdraw all or more of our drugs from the market, we may be unable to continue revenue generating operations. We do not have, and currently do not intend to develop, the ability to manufacture material for our clinical trials or on a commercial scale. Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured drugs ourselves, including reliance on the third-party manufacturer for regulatory compliance. Our drug promotion and advertising is also subject to regulatory requirements and continuing FDA review.

Development of our drug candidates requires a significant investment in R&D. Our R&D expenses in turn, are subject to variation based on a number of factors, many of which are outside of our control. A sudden or significant increase in our R&D expenses could materially and adversely impact our results of operations.

We have expended $17,077,121 on research and development from inception through March 31, 2012.

We have an R&D and other costs budget of $5,000,000 for the next 24 months. In the last three years we have established lead compounds against a number of viral diseases and completed proof of principle studies against a number of viral diseases. We now have lead drug compounds against all Influenzas, HIV, Viral diseases of the Eye, and Oral and Genital Herpes. We are currently working on identifying and establishing collaborations with pharmaceutical companies as well as government institutions for the purpose of co-development of these products. Notwithstanding these efforts, we will continue the development of these drugs, as well as our other drug development endeavors that include Rabies, Dengue viruses, and Ebola/Marburg viruses.