NANOVIRICIDES, INC.
Form 10-Q
May 20, 2010

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

FORM 10 - Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2010

Commission File Number: 333-148471

NANOVIRICIDES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	76-0674577
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

135 Wood Street, Suite 205
West Haven, Connecticut 06516
(Address of principal executive offices and zip code)
(203) 937-6137
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes o No o

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

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

The number of shares outstanding of the Registrant's Common Stock as of May 20, 2010 was 132,214,094 shares.

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PART I: FINANCIAL INFORMATION

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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

	March 31, 2010 (Unaudited)	June 30, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,947,954	$ 1,689,442
Prepaid expenses	305,388	321,545
Other current assets	64,648	109,312
Total current assets	3,317,990	2,120,299
Property and equipment, net	871,984	688,618
OTHER ASSETS		
Trademarks and patents, net	320,720	192,344
Total Other Assets	320,720	192,344
TOTAL ASSETS	$ 4,510,694	$ 3,001,261
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable – trade	$ 222,163	$ 147,067
Accounts payable – related parties	708,526	300,969
Accrued expenses	28,035	67,683
TOTAL CURRENT LIABILITIES	958,724	515,719
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value; 20,000,000 shares authorized		
Series A Convertible Preferred stock, $0.001 par value; 10,000,000 shares designated; 7,594,000 shares issued and outstanding	7,594	-
Series B Convertible Preferred stock, $0.001 par value; 10,000,000 shares designated; none issued or outstanding	-	-
Common stock, $0.001 par value; 300,000,000 shares authorized; 132,214,094, and 125,299,457 issued and outstanding respectively	132,214	125,299
Additional paid-in capital	19,488,871	14,455,778

Stock subscription receivable	-	(100,000)
Deficit accumulated during the development stage	(16,076,709)	(11,995,535)
TOTAL STOCKHOLDERS' EQUITY	3,551,970	2,485,542
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,510,694	$ 3,001,261

See accompanying notes to the financial statements.

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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended		For the Period from May 12 2005 (Inception) through
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010
Operating expenses:					
Research and development	$1,582,705	$498,801	$2,676,430	$ 1,331,661	$9,398,382
Refund for credit research and development costs	42,378	-	42,378	-	(215,940)
General and administrative	800,056	293,225	1,364,958	861,701	6,257,856
	2,425,139	792,026	4,083,766	2,193,362	15,440,298
Loss from operations	(2,425,139)	(792,026)	(4,083,766)	(2,193,362)	(15,440,298)
Other income (expense):					
Interest income	601	4,303	2,592	30,384	150,597
Non cash interest on convertible debentures	-	-	-	-	(73,930)
Non cash interest expense on beneficial conversion feature of convertible debentures	-	-	-	-	(713,079)
Total other income (expense)	601	4,303	2,592	30,384	(636,412)
Net loss	$(2,424,538)	$ (787,723)	$(4,081,174)	$ (2,162,978)	$(16,076,709)
Net loss per common share: basic and diluted	$(0.02)	$(0.01)	$(0.03)	$ (0.02)	
Weighted average shares outstanding: basic and diluted	132,036,147	122,793,839	129,754,900	122,073,961	

See accompanying notes to the financial statements.

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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended		For the Period From May 12, 2005 (Inception) through
	March 31, 2010	March 31, 2009	March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(4,081,174)	(2,162,978)	$(16,076,709)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares and warrants issued for services	428,582	129,800	1,239,139
Preferred shares issued for license	7,000	-	7,000
Preferred shares issued as compensation	1,220,330	-	1,220,330
Warrants granted to scientific advisory board	121,200	107,000	566,041
Options issued to officers as compensation	-	-	121,424
Depreciation and amortization	43,266	8,073	64,603
Amortization of deferred financing expenses	-	-	51,175
Non cash interest on convertible debentures	-	-	73,930
Non cash interest expense on beneficial conversion feature of convertible debentures	-	-	713,079
Changes in operating assets and liabilities:			
Prepaid expenses	16,157	(84,968)	(305,388)
Deferred expenses	-	-	(2,175)
Other current assets	44,664	99,690	(64,648)
Accounts payable – trade	100,296	(12,365)	534,862
Accounts payable – related parties	407,557	(204,419)	708,526
Accrued expenses	(39,648)	(132,073)	28,035
Net cash used in operating activities	(1,731,770)	(2,252,240)	(11,120,775)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(188,349)	(537,417)	(891,483)
Purchase of trademarks and Patents	(134,959)	(176,226)	(334,124)
Net cash used in investing activities	(323,308)	(713,643)	(1,225,607)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of convertible debentures	-	-	1,000,000
Proceeds from issuance of common stock and warrants in connection with private placements of common stock, net of offering cost	1,432,250	3,377,553	11,296,726
Proceeds from exercise of stock warrants attached to convertible debentures	1,881,340	-	2,907,610
Proceeds from exercise of stock options	-	-	90,000
Net cash provided by financing activities	3,313,590	3,377,553	15,294,336

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,258,512	411,670	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,689,442	816,386	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$2,947,954	$1,228,056	$2,947,954

See accompanying notes to the financial statements.

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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS (CONTINUED)
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY
(UNAUDITED)

During the periods indicated below, the Company had the following non-cash investing and financing activity:

	Nine Months Ended		For the Cumulative Period From May 12, 2005 (Inception) through
	March 31, 2010	March 31, 2009	March 31, 2010
Common stock issued for services	$321,582	$129,800	$1,132,139
Preferred stock issued as compensation	1,220,330	-	1,220,330
Stock options issued to the officers as compensation	-	-	121,424
Stock warrants granted to scientific advisory board	121,200	107,000	566,041
Stock Warrants granted to Brokers	3,563	9,849	13,412
Common stock issued for interest on debentures	-	-	73,930
Shares of common stock issued in connection with debenture offering	-	-	49,000
Common stock issued upon conversion of convertible debentures	-	-	1,000,000
Debt discount related to beneficial conversion feature of convertible debt	-	-	713,079
Warrants issued in connection with private placement	5,097,300	827,485	7,681,578
Common Stock issued upon conversion of accounts payable	25,200	150,000	206,900
Common stock issued for purchase of equipment	-	-	-
Preferred stock issued in payment of license fee	7,000	-	7,000

See accompanying notes to the financial statements.

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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
FOR THE PERIOD FROM MAY 12, 2005 (INCEPTION) TO MARCH 31, 2010
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Nature of Business

NanoViricides, Inc. was incorporated under the laws of the State of Colorado on July 25, 2000, as Edot-com.com, Inc., and was organized for the purpose of conducting internet retail sales. On April 1, 2005, Edot-com.com, Inc. was incorporated under the laws of the State of Nevada for the purpose of re-domiciling the Company as a Nevada corporation. On May 12, 2005, the Corporations were merged and Edot-com.com, Inc., a Nevada corporation, became the surviving entity.

On June 1, 2005, Edot-com.com, Inc. ("ECMM") acquired NanoViricide, Inc., a privately owned Florida corporation ("NVI"), pursuant to an Agreement and Plan of Share Exchange (the "Exchange"). NanoViricides, Inc. was incorporated under the laws of the State of Florida on May 12, 2005.

Pursuant to the terms of the Exchange, ECMM acquired NVI in exchange for an aggregate of 80,000,000 newly issued shares of ECMM common stock resulting in an aggregate of 100,000,000 shares of ECMM common stock issued and outstanding representing 80% of the voting capital stock of ECMM immediately after the Exchange transaction. NVI then became a wholly-owned subsidiary of ECMM. The ECMM shares were issued to the NVI Shareholders on a pro rata basis, on the basis of 4,000 shares of ECMM's Common Stock for each share of NVI common stock held by such NVI Shareholder at the time of the Exchange.

As a result of the ownership interests of the former shareholders of NVI for financial accounting purposes, the merger between ECMM and NVI has been treated as a reverse acquisition with NVI deemed the accounting acquirer and ECMM deemed the accounting acquiree under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS No. 141"). The reverse merger is deemed a capital transaction and the net assets of NVI (the accounting acquirer) are carried forward to ECMM (the legal acquirer and the reporting entity) at their carrying value before the combination. The acquisition process utilizes the capital structure of ECMM and the assets and liabilities of NVI which are recorded at historical cost. The equity of ECMM is the historical equity of NVI retroactively restated to reflect the number of shares issued by ECMM in the transaction. Accordingly, the financial statements have been prepared to give retroactive effect to May 12, 2005 (date of inception), of the reverse acquisition completed on June 1, 2005, and represent the operations of NVI.

On June 28, 2005, NVI was merged into its parent ECMM and the separate corporate existence of NVI ceased. Effective on the same date, ECMM changed its name to NanoViricides, Inc. and its stock symbol to "NNVC," respectively. NanoViricides, Inc. is considered a development stage company at this time.

NanoViricides, Inc. (the "Company"), is a nano-biopharmaceutical company whose business goals are to discover, develop and commercialize therapeutics to advance the care of patients suffering from life-threatening viral infections. We are a development stage company with several drugs in various stages of early development. The Company's drugs are based on several patents, patent applications, provisional patent applications, and other proprietary intellectual property held by TheraCour Pharma, Inc. ("TheraCour®"), to which the Company has licenses in perpetuity for the treatment of the following human viral diseases: Human Immunodeficiency Virus (HIV/AIDS), Influenza including Asian Bird Flu Virus, Herpes Simplex Virus (HSV), Hepatitis C Virus (HCV), Hepatitis B Virus (HBV), and Rabies. The Company has entered into an Additional License Agreement with TheraCour granting the Company the exclusive licenses in perpetuity for technologies developed by TheraCour for the additional virus types

for Dengue viruses, Japanese Encephalitis, West Nile Virus, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes, and Ebola/Marburg viruses,.

The Company focuses its research and clinical programs on specific anti-viral therapeutics and is seeking to add to its existing portfolio of products through its internal discovery and clinical development programs and through an in-licensing strategy. To date, the Company has not commercialized any product.

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Note 2. Basis of Presentation

The accompanying unaudited interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission for Interim Reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation for the interim periods have been included. Operating results for the nine month period ended March 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2010. The accompanying financial statements and the information included under the heading "Management's Discussion and Analysis or Plan of Operation" should be read in conjunction with our company's audited financial statements and related notes included in our company's form 10-K for the fiscal year ended June 30, 2009.

Note 3. Summary of Significant Accounting Policies

For a summary of significant accounting policies (which have not changed from June 30, 2009), see the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

Recently Issued Accounting Pronouncements

On June 5, 2003, the United States Securities and Exchange Commission ("SEC") adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"), as amended by SEC Release No. 33-9072 on October 13, 2009. Under the provisions of Section 404 of the Sarbanes-Oxley Act, public companies and their independent auditors are each required to report to the public on the effectiveness of a company's internal controls. The smallest public companies with a public float below $75 million have been given extra time to design, implement and document these internal controls before their auditors are required to attest to the effectiveness of these controls. This extension of time will expire beginning with the annual reports of companies with fiscal years ending on or after June 15, 2010. Commencing with its annual report for the fiscal year ending June 30, 2010, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement

- Of management's responsibility for establishing and maintaining adequate internal control over its financial reporting;
- Of management's assessment of the effectiveness of its internal control over financial reporting as of year end; and
- Of the framework used by management to evaluate the effectiveness of the Company's internal control over financial reporting.

Furthermore, it is required to file the auditor's attestation report separately on the Company's internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In June 2009, the FASB issued new accounting guidance related to accounting standards codification and the hierarchy of GAAP the "FASB Accounting Standards Codification" ("Codification"), to become the single official source

of authoritative U.S. generally accepted accounting principles ("U.S. GAAP") to be applied by nongovernmental entities, superseding existing FASB, American Institute of Certified Public Accountants ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. This guidance reorganizes the previously issued U.S. GAAP pronouncements into accounting topics and displays them using a consistent structure. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the Codification. The guidance is effective for the Company as of the interim period ended September 30, 2009. As the Codification was not intended to change or alter existing U.S. GAAP, it did not have an impact on the Company's consolidated financial statements. The only impact will be that references to authoritative accounting literature will be in accordance with the new numbering system prescribed by the Codification.

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In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-04 “Accounting for Redeemable Equity Instruments - Amendment to Section 480-10-S99” which represents an update to section 480-10-S99, distinguishing liabilities from equity, per EITF Topic D-98, Classification and Measurement of Redeemable Securities. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-05 “Fair Value Measurement and Disclosures Topic 820 – Measuring Liabilities at Fair Value”, which provides amendments to subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of liabilities. This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: 1. A valuation technique that uses: a. The quoted price of the identical liability when traded as an asset b. Quoted prices for similar liabilities or similar liabilities when traded as assets. 2. Another valuation technique that is consistent with the principles of topic 820; two examples would be an income approach, such as a present value technique, or a market approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this update also clarify that both a quoted price in an active market for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-08 “Earnings Per Share – Amendments to Section 260-10-S99,” which represents technical corrections to topic 260-10-S99, Earnings per share, based on EITF Topic D-53, Computation of Earnings Per Share for a Period that includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock and EITF Topic D-42, The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-09 “Accounting for Investments-Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees.” This update represents a correction to Section 323-10-S99-4, Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee. Additionally, it adds observer comment Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees to the Codification. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-12 “Fair Value Measurements and Disclosures Topic 820 – Investment in Certain Entities That Calculate Net Assets Value Per Share (or Its Equivalent),” which provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures-Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity’s measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this update, such as the nature of any restrictions on

the investor's ability to redeem its investments a the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be make by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in U.S. GAAP on investments in debt and equity securities in paragraph 320-10-50-1B. The disclosures are required for all investments within the scope of the amendments in this update regardless of whether the fair value of the investment is measured using the practical expedient. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

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In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-01 "Equity Topic 505 – Accounting for Distributions to Shareholders with Components of Stock and Cash," which clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share ("EPS")). Those distributions should be accounted for and included in EPS calculations in accordance with paragraphs 480-10-25-14 and 260-10-45-45 through 45-47 of the FASB Accounting Standards codification. The amendments in this Update also provide a technical correction to the Accounting Standards Codification. The correction moves guidance that was previously included in the Overview and Background Section to the definition of a stock dividend in the Master Glossary. That guidance indicates that a stock dividend takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. It also indicates that the proportional interest of each shareholder remains the same, and is a key factor to consider in determining whether a distribution is a stock dividend.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-02 "Consolidation Topic 810 – Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification," which provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

1. A subsidiary or group of assets that is a business or nonprofit activity

2. A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture

3. An exchange of a group of assets that constitutes a business or nonprofit activity for a non-controlling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1. Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.

2. Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas-Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10.

In October 2009, the FASB issued a new accounting standard which amends guidance on accounting for revenue arrangements involving the delivery of more than one element of goods and/or services. The standard amends the criteria for separating consideration in multiple-deliverable arrangements and establishes a selling price hierarchy for determining the selling price of a deliverable. The amendments will eliminate the residual method of allocation and require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. The standard also significantly expands the disclosures related to a vendor's multiple-deliverable arrangement. The standard is effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Alternatively, adoption may be on a

retrospective basis, and early application is permitted. The Company is evaluating the impact of this standard on our consolidated financial statements.

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In April 2010, the FASB issued new accounting guidance to provide clarification on the classification of a share-based payment award as either equity or a liability. Under ASC 718, Compensation-Stock Compensation, a share-based payment award that contains a condition that is not a market, performance, or service condition is required to be classified as a liability. The amendments clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Earlier application is permitted. The Company is evaluating the impact of this standard on our consolidated financial statements.

In May 2010, the FASB issued new guidance on the use of the milestone method of recognizing revenue for research and development arrangements under which consideration to be received by the vendor is contingent upon the achievement of certain milestones. The update provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. Additional disclosures describing the consideration arrangement and the entity's accounting policy for recognition of such milestone payments are also required. The new guidance is effective for fiscal years, and interim periods within such fiscal years, beginning on or after June 15, 2010, with early adoption permitted. The guidance may be applied prospectively to milestones achieved during the period of adoption or retrospectively for all prior periods. The Company is evaluating the impact of this standard on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Reclassification

Certain reclassifications have been made in prior year's financial statements to conform to classification used in the current year. The reclassifications from general and administrative expenses to research and development expenses does not change total operating expenses, operating loss or net loss for any period presented.

Note 4. Financial Condition

While the Company continues to accrue significant operating losses and has significant capital requirements, the Company has been able to finance its business through sale of its securities. As of May 12, 2010, upon realizing net proceeds of approximately $4,510,000 out of gross proceeds from sale of certain securities of $5,000,000, (see "Subsequent Events") the Company has sufficient capital to continue its business at least until December 31, 2011, at the current rate of expenditure. The Company therefore would not be considered to have risks relative to its ability to continue as a going concern within the applicable guidelines.

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Since May 2005, the Company has been engaged exclusively in research and development activities focused on developing targeted nano viral drugs. The Company has not yet commenced any product commercialization. The Company has incurred significant operating losses since its inception, resulting in a deficit accumulated during the development stage of $16,076,709 at March 31, 2010. 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. There can be no assurance that the Company will achieve or maintain profitability in the future. Despite the Company's financings in 2009 and 2008 and a cash and cash equivalent balance of $2,947,954 at March 31, 2010, substantial additional financing will be required in future periods. The Company believes it will require an additional $3,000,000 during the next twenty four months, and will also require up to an additional $2,000,000 to finance planned capital costs, and additional staffing requirements during the next twenty four months. The Company believes it can adjust its priorities of drug development and it's Plan of Operations as necessary, if it is unable to raise such funds.

The Company continues to successfully raise additional capital. On September 30, 2009, the Company accepted subscriptions from certain investors in the aggregate amount of $3,217,400 from the offerings of shares of the Company's common stock and warrants to purchase common stock and the exercise by the Company's warrant holders of their outstanding warrants. The offerings were commenced in June 2009, when the Company's stock price levels were approximately $0.57. The offerings were closed to investors on August 30, 2009, after an extension by the Company's Board of Directors from the original termination date of August 14, 2009. In the Company's offering of Units comprised of shares of common stock and warrants to purchase common stock, the Company accepted subscriptions for $1,337,500 for Units consisting of 2,675,000 shares and Warrants to purchase an additional 1,337,500 shares. In the offering to its warrant holders, the Company raised an aggregate of $1,879,900 for 3,759,800 shares and warrants to purchase 3,759,800 shares. All of the warrants sold in the offerings are exercisable at the price of $1.00 per share and expire in three years.

On April 29, 2010, the Company's Form S-3 Registration Statement, filed March 4, 2010, as amended March 15, 2010, was declared effective by the SEC, authorizing the Company to issue an aggregate of 40,000,000 of registered common stock, preferred stock, warrants, and debt securities. (See Note 9, Subsequent Events)

On May 11, 2010, the Company entered into a Securities Purchase Agreement (the "Agreement") with Seaside 88, LP, a Florida limited partnership ("Seaside"), relating to the offering and sale (the "Offering") of 500,000 shares (the "Shares") of the Company's Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock") at the purchase price of $10.00 per share (the "Purchase Price") for an aggregate investment of $5,000,000. (See Note 9, Subsequent Events)

As a result of the successful sale of the Company's Series B Convertible Preferred Stock to Seaside, LP the management believes that the Company has sufficient cash and cash equivalents to meet its budgeted expenditures through December 31, 2011.

The Company is in discussions with certain potential investors to provide the additional capital set forth above. . No assurances can be given that financing will be available or be sufficient to meet our capital needs. If we are unable to obtain financing to meet our working capital requirements, then we may be required to modify our operations, including curtailing our business significantly or ceasing operations altogether.

Note 5. Significant Alliances and Related Parties

TheraCour Pharma, Inc.

Pursuant to an Exclusive License Agreement we entered into with TheraCour Pharma, Inc., (TheraCour), the Company was granted exclusive licenses in perpetuity for technologies developed by TheraCour for the virus types: Human Immunodeficiency Virus (HIV/AIDS), Influenza including Asian Bird Flu Virus, Herpes Simplex Virus (HSV), Hepatitis C Virus (HCV), Hepatitis B Virus (HBV), and Rabies. The Company has entered into an Additional License Agreement with TheraCour granting the Company the exclusive licenses in perpetuity for technologies developed by TheraCour for the additional virus types for Dengue viruses, Japanese Encephalitis virus, West Nile Virus, Viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes, and Ebola/Marburg viruses.

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In consideration for obtaining these exclusive licenses, we agreed: (1) that TheraCour can charge its costs (direct and indirect) plus no more than 30% of direct costs as a Development Fee and such development fees shall be due and payable in periodic installments as billed; (2) to pay $25,000 per month for usage of lab supplies and chemicals from existing stock held by TheraCour; (3) we will pay $2,000 or actual costs, whichever is higher, for other general and administrative expenses incurred by TheraCour on our behalf; (4) make royalty payments (calculated as a percentage of net sales of the licensed drugs) of 15% to TheraCour Pharma, Inc.; (5) TheraCour Pharma, Inc. retains the exclusive right to develop and manufacture the licensed drugs. TheraCour Pharma, Inc. will manufacture the licensed drugs exclusively for NanoViricides, and unless such license is terminated, will not manufacture such product for its own sake or for others; and (6) TheraCour may request and NanoViricides, Inc. will pay an advance payment (refundable) equal to twice the amount of the previous months invoice to be applied as a prepayment towards expenses.

TheraCour may terminate the license upon a material breach by us as specified in the agreement. However, we may avoid such termination if within 90 days of receipt of such termination notice we cure the breach.

Development costs charged by TheraCour Pharma, Inc. for the nine months ended March 31, 2010 and 2009 were $899,484 and $666,134 respectively, and $3,464,531 since inception. As of March 31, 2010, pursuant to its license agreement, the Company has paid a security advance of $263,656 to and held by TheraCour Pharma, Inc. which is reflected in prepaid expenses.

No royalties are due TheraCour from the Company’s inception through March 31, 2010.

On February 27, 2007, NanoViricides, Inc. entered into a sublease to occupy 5,000 square feet of space in Woodbridge, Connecticut. Performance of the Company’s obligations was guaranteed by TheraCour Pharma, Inc., a principal shareholder of the Company and provider of the materials the Company uses in its operations. This lease expired on January 30, 2009, and we have relocated our operations to an expanded facility at 135 Wood Street, West Haven, Connecticut.

TheraCour Pharma, Inc., is affiliated with the Company through the common control of it and our Company by Anil Diwan, President, who is a director of each corporation, and owns approximately 70% of the capital stock of TheraCour Pharma, Inc., which itself owns approximately 27% of the Common Stock of the Company.

TheraCour Pharma, Inc. owns 31,460,000 shares of the Company’s outstanding Common Stock and 7,000,000 shares of the Company’s Series A Convertible Preferred Stock as of March 31, 2010. The Company anticipates the need to procure large quantities of the nanoviricides drug candidates for the upcoming studies. In order to support this production scale, TheraCour Pharma, Inc., the Company’s largest shareholder and licensor of the TheraCour® technology that the Company uses in its anti-viral drug development, has initiated a program to expand its laboratory facilities. On December 3, 2009 TheraCour concluded its sales of the Company’s stock pursuant to a Rule 10b5-1 trading plan selling, over a one year period, 1.8 million shares of the Company’s common stock. The plan went into effect on February 17, 2009. The proceeds are expected to be used to pay for necessary improvements in laboratory facilities, the purchase of analytical equipment, and the costs of intellectual property (patent) protection.

The FASB has issued guidance related to Consolidation of Variable Interest Entities. The guidance clarifies the application to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. It separates entities into two groups: (1) those for which voting interests are used to determine consolidation, and (2) those for which variable interests are used to determine consolidation. The guidance clarifies how to identify a variable interest entity and how to determine when a business enterprise should include the assets, liabilities, non-controlling interests, and results of activities of a variable interest entity in its consolidated financial statements.

The guidance further requires that a variable interest entity to be consolidated by its "Primary Beneficiary." The Primary Beneficiary is the entity, if any, that stands to absorb a majority of the variable interest entity's expected losses, or in the event that no entity stands to absorb a majority of the expected losses, then the entity that stands to receive a majority of the variable interest entity's expected residual returns. If it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity when the FASB guidance became effective, the enterprise is required to disclose in all financial statements initially issued after December 31, 2003, the nature, purpose, size, and activities of the variable interest entity and the enterprise's maximum exposure to loss as a result of its involvement with the variable interest entity. For all periods presented in the financial statements, the Company evaluated its relationship with TheraCour Pharma, Inc., and concluded that it is not a variable interest entity that is subject to consolidation in the Company's financial statements.

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KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct pre clinical animal studies and provide the Company with a full history of the study and final report with the data collected. Dr. Krishna Menon, the Company's Chief Regulatory Officer, is also an officer and principal owner of KARD Scientific. Since inception, lab fees charged by KARD Scientific for services to the Company total $633,175

Note 6. Equity Transactions

In February 2010, the Scientific Advisory Board (SAB) was granted warrants to purchase 50,000 shares of common stock at $1.272 per share. These warrants, if not exercised, will expire in February, 2014. The fair value of these warrants in the amount of $40,200 was recorded as consulting expense.

The fair value of the Company's option-based awards granted were estimated using the Black-Scholes option pricing model and the following assumptions.

	For the three months ended 3/31/10	For the nine months ended 3/31/10
Expected life in years	4 yrs	4 yrs
Risk free interest rate	1.84 %	1.73-2.06 %
Expected volatility	92.94 %	92.94-96.15 %
Dividend yield	0 %	0 %

On September 30, 2009, the Company accepted subscriptions from certain investors in the aggregate amount of $3,217,400 from the offerings of shares of the Company's common stock and warrants to purchase common stock and the exercise by the Company's warrant holders of their outstanding warrants. The offerings were commenced in June 2009, when the Company's stock price levels were approximately $0.57. The offerings were closed to investors on August 30, 2009, after an extension by the Company's Board of Directors from the original termination date of August 14, 2009. In the Company's offering of Units comprised of shares of common stock and warrants to purchase common stock, the Company accepted subscriptions for $1,337,500 for Units consisting of 2,675,000 shares and Warrants to purchase an additional 1,337,500 shares. In the offering to its warrant holders, the Company raised an aggregate of $1,879,900 for 3,759,800 shares and warrants to purchase 3,759,800 shares. All of the warrants sold in the offerings are exercisable at the price of $1.00 per share and expire three years from the issue date.

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On January 1, 2010 the company's Board of Directors authorized the issuance of 39,625 shares of its common stock, with a restrictive legend, in consideration of scientific equipment for $31,700, previously delivered to the Company.

On February 15, 2010 the Company approved an Additional License Agreement with TheraCour Pharma, Inc. ("TheraCour"). Pursuant to the exclusive Additional License Agreement, the Company was granted exclusive licenses, in perpetuity, for technologies, developed by TheraCour, for the development of drug candidates for the treatment of Dengue viruses, Ebola/Marburg viruses, Japanese Encephalitis, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes. As consideration for obtaining these exclusive licenses, we agreed to pay a one time licensing fee equal to seven million shares of the Company's Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company's intellectual property, into shares of the Company's common stock at the rate of four shares of common stock for each share of Series A Preferred Stock. The Series A Preferred Stock has a preferred voting preference at the rate of four votes per share. The Preferred Series A do not contain any rights to dividends; have no liquidation preference and are not to be amended without the holders approval. The issuance of the 7,000,000 shares was valued at their par value or $7,000.

On March 3, 2010, the Company entered into employment agreements with its two executive officers, Dr. Eugene Seymour and Dr. Anil Diwan. Pursuant to the employment agreements, Dr. Seymour shall continue to serve as Chief Executive and Financial Officer and Dr. Diwan shall continue to serve as Chairman of the Board of Directors and President. As additional compensation under the employment agreements, the Company issued 250,000 shares of the Registrant's Series A Convertible Preferred Stock and shall issue an additional 250,000 shares of Series A Convertible Preferred Stock on each anniversary of the respective employment agreements through February 28, 2014. There is currently no market for the shares of Series A Preferred Stock and they can only be converted into shares of common stock upon a change of control of the Registrant. The Company recorded an expense of $1,027,646 on the issuance of the Series A Preferred Stock.

On March 3, 2010, the Company entered into an employment agreement with Dr. Jayant Tatake to serve as Vice President of Research and Development. As additional compensation, the Company issued 93,750 shares of Series A Convertible Preferred Stock and 125,000 shares of restricted common stock, and shall issue an equivalent number of restricted shares on each anniversary date of the agreement through February 28, 2014. The Company recorded an expense of $156,250 upon issuance of the restricted common stock and an expense of $192,684 on the issuance of the Series A Convertible Preferred Stock.

The Series A Preferred stock issued on March 3, 2010 under the employment agreements were valued at $1,220,330 based upon industry specific control premiums and the Company's market cap at the time of the transaction, the conversion value of the shares discounted for lack of marketability based on the conversion restrictions. The value of the preferred shares, therefore, is an estimation of current value calculated utilizing statistical assumptions and methods, of future conditions, which may not be realized.

On March 3, 2010, the Company entered into an employment agreement with Dr. Randall Barton to serve as Chief Scientific Officer. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Registrant issued 125,000 shares of restricted common stock, and shall issue an equivalent number of restricted shares on each anniversary date of the agreement through February 28, 2014. The Company recorded an expense of $156,250 upon issuance of the common stock.

For the nine months ended March 31, 2010, the Company's Board of Directors authorized the issuance of 107,415 shares of its common stock, with a restrictive legend, for consulting services. The Company recorded an expense of $80,713

Note 8. Commitments and Contingencies

Operating Leases

The Company's principal executive offices are located at 135 Wood Street, West Haven, Connecticut, and include approximately 7,000 square feet of office and laboratory space at a base monthly rent of $7,311. Commencing September 1, 2008 the Company rented additional storage space and the base monthly rent increased to $7,311. The term of lease expires in February 28, 2011, and may be extended, at the option of the Company, for an additional two years. The lease can be cancelled by the Company upon providing six months written notice.

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On February 27, 2007, NanoViricides, Inc. entered into a sublease to occupy 5,000 square feet of space at 4 Research Drive, in Woodbridge, Connecticut. The term of the occupancy expired January 30, 2009 at a monthly rent of $11,667, plus an additional $500 per month for utilities.

At March 31, 2010, future minimum rental payments due under these operating leases are as follows:

2010	$43,866

Total rent expense amounts to $58,743 and $148,812 for the nine months ended March 31, 2010 and 2009 respectively, and $476,079 for the period from inception.

Note 9. Subsequent Events

The Company has evaluated all events that occurred after the balance sheet date of March 31, 2009 through May 20, 2010, the date when the financial statements were issued. The Management of the Company determined that the following were reportable events that occurred during that subsequent period which were required to be disclosed:

1. On April 20, 2010, the United States Patent and Trademark Office granted trademark registration number 3777001 to the Company for the standard character mark “nanoviricides” (the “Mark”) for International Class 5, pharmaceutical preparation for the treatment of viral diseases. The Mark was registered on the Principal Register and is protected in all its letter forms, including corresponding plural and singular forms, various forms of capitalization, and fonts and designs.

2. On April 29, 2010, the Company’s Form S-3 Registration Statement, filed March 4, 2010, as amended March 15, 2010, was declared effective by the SEC, authorizing the Company to issue an aggregate of 40,000,000 of registered common stock, preferred stock, warrants, debt securities and units comprised of those securities.

3. On May 11, 2010, the Company entered into a Securities Purchase Agreement (the “Agreement”) with Seaside 88, LP, a Florida limited partnership (“Seaside”), relating to the offering and sale (the “Offering”) of 500,000 shares (the “Shares”) of the Company’s Series B Convertible Preferred Stock, par value $0.001 per share (the “Series B Preferred Stock”) at the purchase price of $10.00 per share (the “Purchase Price”). 60,000 shares of Series B Preferred Stock shall automatically convert into shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”) at the closing and every fourteenth day thereafter at a conversion factor equal to the Purchase Price divided by the lower of (i) of the daily volume weighted average of actual trading prices of the Common Stock on the trading market (the “VWAP”) for the ten consecutive trading days immediately prior to a conversion date multiplied by 0.85 or (ii) the VWAP for the trading day immediately prior to a conversion date multiplied by 0.88.

In the event that the 20 day VWAP, as defined in the Agreement, does not equal or exceed $0.20 (the “Floor”), as calculated with respect to any subsequent conversion date, then such conversion will not occur and the shares not converted on that date will be added to the shares to be converted on the following conversion date.

The Agreement contains representations and warranties and covenants for each party. Additionally, the Company has agreed to indemnify and hold harmless Seaside against certain liabilities in connection with the issuance and sale of the Series B Preferred Stock under the Agreement. Additionally, the Agreement provides Seaside the right to purchase an additional 500,000 shares of Series B Preferred Stock within six months of the final conversion date subject to and under the same terms and conditions of the initial closing.

The conversion price per share for the Initial Closing was $1.87893, and the Company raised gross proceeds in the offering of $5,000,000 at such Initial Closing, before estimated offering expenses of approximately $490,000 which includes placement agent and attorneys' fees.

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The Offering is made pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, has filed with the Securities and Exchange Commission a prospectus supplement relating to the Offering. In connection with the Offering, pursuant to a placement agency agreement entered into by and between Midtown Partners & Co., LLC ("Midtown") and the Company on March 3, 2010, the Company paid Midtown a cash fee representing 8% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

On May 12, 2010, the Company issued a press release announcing the Agreement and Initial Closing.

On May 12, 2010, Seaside converted the first tranche of 60,000 shares of Series B Convertible Preferred into 319,331 shares of the Company's .001 par value common stock.

4. On May 13, 2010, the Company announced that it had signed a research and development agreement with Professor Ken Rosenthal's laboratory at the Northeastern Ohio Universities Colleges of Medicine and Pharmacy (NEOUCOM). Pursuant to the terms of this Agreement, Professor Rosenthal and NEOUCOM will evaluate the effectiveness of nanoviricides drug candidates against Herpes Simplex Viruses, HSV-1 and HSV-2, in both cell culture and animal models. The focus of this evaluation will be the development of drug candidates against herpes skin infections (oral and genital herpes). Dr. Ken Rosenthal is a professor of microbiology, immunology and biochemistry at NEOUCOM. He is a leading researcher in the field of herpes viruses. His laboratory has developed an improved mouse model of skin-infection with HSV to follow the disease progression. This model has been shown to provide highly uniform and reproducible results. A uniform disease pattern including onset of lesions and further progression to zosteriform lesions is observed in all animals in this model. This uniformity makes it an ideal model for comparative testing of various drug candidates which, the Company believes, can be expected to lead to a broad-spectrum anti-HSV antiviral treatment capable of attacking both HSV-1 and HSV-2.

5. On May 17, 2010, the Company announced that it had signed a research and development agreement with the University of California, San Francisco (UCSF), for the testing of its anti-HIV drug candidates. Cheryl Stoddart, PhD, Assistant Professor in the UCSF Division of Experimental Medicine, will be the Principal Investigator. Dr. Stoddart is a recognized investigator in preclinical studies of anti-HIV compounds using the standard SCID-hu Thy/Liv humanized mouse model. In particular, she is well known for her work in validating that this mouse model is capable of accurately predicting clinical antiviral efficacy in humans. The National Institute of Allergy and Infectious Diseases (NIAID), a division of the National Institutes of Health (NIH), has recognized UCSF as an important site for anti-HIV drug screening studies. Dr. Stoddart's in-vivo testing of anti-HIV nanoviricides will complement the Company's previously announced in-vitro anti-HIV testing that is currently underway at the Southern Research Institute in Frederick, MD.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis should be read in conjunction with our unaudited financial statements and related notes included in this report. This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The statements contained in this report that are not historic in nature, particularly those that utilize terminology such as "may," "will," "should," "expects," "anticipates," "estimates," "believes," or "plans" or comparable terminology are forward-looking statements based on current expectations and assumptions.

Various risks and uncertainties could cause actual results to differ materially from those expressed in forward-looking statements. All forward-looking statements in this document are based on information currently available to us as of

the date of this report, and we assume no obligation to update any forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

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OUR CORPORATE HISTORY

NanoViricides, Inc. was incorporated under the laws of the State of Colorado on July 25, 2000 as Edot-com.com, Inc. and was organized for the purpose of conducting internet retail sales. On April 1, 2005, Edot-com.com, Inc. was incorporated under the laws of the State of Nevada for the purpose of re-domiciling the Company as a Nevada corporation, Edot-com.com (Nevada). On April 15, 2005, Edot-com.com (Colorado) and Edot-com.com (Nevada) were merged and Edot-com.com, Inc., (ECMM) a Nevada corporation, became the surviving entity. On April 15, 2005, the authorized shares of common stock was increased to 300,000,000 shares at $.001 par value and the Company effected a 3.2 - 1 forward stock split effective May 12, 2005.

On June 1, 2005, Edot-com.com, Inc. acquired NanoViricides, Inc., a privately owned Florida corporation ("NVI"), pursuant to an Agreement and Plan of Share Exchange (the "Exchange"). NVI was incorporated under the laws of the State of Florida on May 12, 2005 and its sole asset was comprised of a licensing agreement with TheraCour Pharma, Inc. ("TheraCour," an approximately 30% shareholder of NVI) for rights to develop and commercialize novel and specifically targeted drugs based on TheraCour's targeting technologies, against a number of human viral diseases. (For financial accounting purposes, the acquisition was a reverse acquisition of the Company by NVI, under the purchase method of accounting, and was treated as a recapitalization with NVI as the acquirer). Upon consummation of the Exchange, ECMM adopted the business plan of NVI.

Pursuant to the terms of the Exchange, ECMM acquired NVI in exchange for an aggregate of 80,000,000 newly issued shares of ECMM common stock, resulting in an aggregate of 100,000,000 shares of ECMM common stock issued and outstanding. As a result of the Exchange, NVI became a wholly-owned subsidiary of ECMM. The ECMM shares were issued to the NVI Shareholders on a pro rata basis, on the basis of 4,000 shares of the ECMM Common Stock for each share of NVI common stock held by such NVI Shareholder at the time of the Exchange.

On June 28, 2005, NVI was merged into its parent ECMM and the separate corporate existence of NVI ceased. Effective on the same date, Edot-com.com, Inc., changed its name to NanoViricides, Inc. and its stock symbol on the Pink Sheets to "NNVC." The Company submitted a Form-10SB to the SEC to become a reporting company on November 14, 2006. The Company's filing status became effective in March, 2007. On June 28, 2007, the company became quotable on The OTC Bulletin Board under the symbol NNVC.OB.

The Company is considered a development stage company at this time.

Management's Plan of Operation

NanoViricides, Inc. (the "Company"), is an early developmental stage nano-biopharmaceutical company engaged in the discovery, development and commercialization of anti-viral therapeutics. The Company has 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 the Company's principal shareholders, from which we have licensed, in perpetuity, the right to develop drug candidates for the treatment of the following human viral diseases: Human Immunodeficiency Virus (HIV/AIDS), Influenza including Asian Bird Flu Virus, Herpes Simplex Virus (HSV), Hepatitis C Virus (HCV), Hepatitis B Virus (HBV), and Rabies. The Company has entered into an Additional License Agreement with TheraCour granting the Company the exclusive licenses in perpetuity for technologies developed by TheraCour for the additional virus types for Dengue viruses, Japanese Encephalitis virus, West Nile Virus, Viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes, and Ebola/Marburg viruses.

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. We focus our laboratory research and pre-clinical programs on

specific anti-viral solutions.

The Company has incurred significant operating losses since its inception resulting in an accumulated deficit of $16,076,709 at March 31, 2010. For the nine months ended March 31, 2010 the Company had a net loss of $4,081,174. 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.

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To date, we have engaged in organizational activities; sourcing compounds and materials; developing novel compounds and nanomaterials, and experimentation with studies on cell cultures and animals. We have generated funding through the issuances of debt and private placement of common stock. We have not generated any revenues and we do not expect to generate revenues in the near future. We may not be successful in developing our drugs and start selling our products when planned, or that we will become profitable in the future. We have incurred net losses in each fiscal period since inception of our operations. The Company currently has no long term debt.

NanoViricides Technologies and Products in Development

Pharmaceutical drug development is an expensive and long duration proposition. Management's plan is to develop each of our nanoviricides® to the necessary stage(s) and then engage into co-development relationships with other pharmaceutical companies. Such co-development relationships usually may entail upfront payments, milestones payments, cost-sharing, and eventual revenue-sharing, including royalty on sales. There is no guarantee that we will be able to negotiate agreements that are financially beneficial to the Company at the present stage. Management plans to continue to raise additional funds as needed for our continuing drug development efforts on public markets.

The Company currently has several drug development programs. Our drug development programs with large commercial interest include (1) Influenzas, (2) HIV, (3) topical eye drops for viral diseases of the external eye, and (4) Herpes "cold sores" and genital Herpes. In addition, the Company believes that, as the holder of potentially paradigm-shifting antiviral drug development technologies, it has a social responsibility to develop drugs against diseases affecting large segments of worldwide populations. In our Social Responsibility programs, we are developing drugs against Neglected Tropical Diseases (NTDs) caused by viruses such as Dengue viruses and Rabies. The Company also has BioSecurity programs that include drug development against hemorrhagic fever viruses such as Ebola/Marburg, and a unique technology that we call "ADIF" to combat natural or bioterrorism attacks by novel viruses as happened with SARS and may happen with engineered viruses. The Company plans to perform its NTD and BioSecurity R&D and drug development in collaboration with institutes of renown and with public funding, in order to minimize the strain on our resources. The Company believes that this work provides direct benefits to our commercially important programs.

NanoViricides Collaborations and Agreements for Research and Development

All of our agreements provide for the evaluation of Nanoviricides® substances created and provided by the Company to the Laboratory. In general, the Laboratory is compensated for certain material and personnel costs for these evaluations. The evaluations involve in vitro and in vivo scientific studies at the Laboratory using their established protocols. In some cases, the Company provides scientific input regarding certain modifications to their protocols as may be needed. The Laboratory returns the results and data to the Company. The Laboratory is allowed to publish the results after allowing time for the Company to protect intellectual property (IP) as needed. The Company sends nanoviricides as well as positive control (i.e. known therapeutics) and negative control (i.e. known not to work) compounds as needed in a fully formulated, ready to use form, to the Laboratory. All IP related to the nanoviricide materials, their formulations and reformulations, and their usage, rests with the Company. Any IP developed by the Laboratory regarding their own know-how, such as laboratory tests, their modifications, etc. rests with the Laboratory. Joint inventions are treated as per applicable US Laws.

The Company tries to choose the scientific laboratories with the most appropriate facilities and know-how relating to a particular field for the evaluation of an antiviral agent developed by the Company. The Company also tries to work with more than one laboratory for a given group of viruses whenever possible. We seek to improve confidence by obtaining independent datasets for corroboration of the efficacy and safety of the nanoviricides we develop. In addition, the Company is not dependent on a particular Laboratory for the development of any specific drug candidate in our product pipeline.

To date, the Company has engaged in non-GLP Efficacy and Safety evaluations in both in vitro (cell culture models) and in vivo (animal models) of our different Nanoviricides at different laboratories.

Our development model is to employ collaborations with academic labs, government labs, as well as external service providers in order to minimize our capital requirements. We currently have several collaborations including the ones listed below:

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1. The Cheryl Stoddart Laboratory at UCSF for anti-HIV nanoviricides evaluation in animal models.

2. The Ken Rosenthal Laboratory at NEOUCOM for the evaluation of anti-Herpes nanoviricides in both cell cultures and animal models for skin infection (oral and genital herpes)

3. TheVac, LLC laboratories at the Louisiana Emerging Technology Center located within the Louisiana State University (LSU) campus in collaboration with the LSU School of Veterinary Medicine (Professor Gus Kousoulas as P.I.) for the in vitro and in vivo evaluation of anti-Herpes nanoviricides in both cell cultures and animal models for herpesviral keratitis (eye infection of herpes).

4. The Long Island Jewish Medical System, Feinstein Institute of Medical Research (LIJMS) for viral eye diseases such as epidemic kerato-conjunctivitis (EKC) and herpes keratitis.

5. The Eva Harris Lab at the University of California Berkeley for the in vitro and in vivo evaluation of anti-Dengue nanoviricides in both cell cultures and animal models.

6. The Center for Disease Control and Prevention (CDC) for Rabies.

7. The National (Central) Institute of Hygiene and Epidemiology (NIHE) (Vietnam) for Rabies and H5N1 Bird Flu (“Avian Flu”),

8. The United States Army Medical Institute of Infectious Diseases (USAMRIID) for Ebola/Marburg family of hemorrhagic viruses.

9. In addition, some of our HIV and common influenza studies were subcontracted to KARD Scientific, Inc., USA.

10. We have recently signed a Master Service Agreement to subcontract evaluation of nanoviricide drug candidates against various diseases including Influenzas and HIV with the Southern Research Institute, Infectious Diseases Division, Frederick, MD (SRI-F), a well known contract research organization that performs preclinical testing. Anti-HIV testing of our HIV drug candidate nanoviricides is being completed at SRI-F and the results are being analyzed.

We have additional collaborations in the process of formalization for work on certain other viruses. We typically employ more than one external laboratory to perform testing for a particular disease agent in order to limit possible laboratory level bias.

We have developed lead drug candidates against a number of viral diseases. Proof-of-principle efficacy studies in animals have been conducted successfully in many of these.

Nanoviricides are designed to work by binding to and eliminating virus particles from the blood-stream, just as antibodies do, only potentially much better. This is expected to result in reduction in viremia. A nanoviricide is constructed by chemically attaching a ligand designed to bind to virus particle, to a polymeric material that forms a flexible nanomicelle by self-assembly. If antibodies are known to affect a viral disease, it is possible to construct a nanoviricide against it, and there can be a general expectation of some success, depending upon the ligand chosen. We can choose a ligand from any of a number of chemical classes, including small chemicals, peptides, or antibody fragments or even whole antibodies.

The NanoViricides’ Concept and Antiviral Strategy

The Company owns an exclusive worldwide license in perpetuity to technology that enables the creation of nanoviricides. A “nanoviricide” is a flexible nano-scale material approximately a few billionths of a meter in size, comparable to the size of a virus particle, which is chemically programmed by a “ligand” to specifically target and attack a particular type of virus. A nanoviricide also is capable of simultaneously delivering a devastating payload of active pharmaceutical ingredients (API) into the virus particle a feature that can be potentially employed to destroy essential machinery of the virus, such as its genome (RNA or DNA), or essential viral enzymes or proteins carried within the virus particle.

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A nanoviricide is designed to “look like” the portion of a cell membrane with the cell receptor to which a virus particle binds, in a sense. This biomimetic approach is expected to fool the virus into binding to the nanoviricide, and in an attempt to “enter” it, it is thought that the virus particle may get destroyed. This is because viruses have developed ways of uncoating themselves once they enter a cell, in order to expose the viral genomic material so that it can hijack the cellular machinery to make its own copies. We call this the “passive view” of how a nanoviricide may work.

A nanoviricide is designed as a flexible material, that self-assembles, at about the same size scale as a typical virus particle. The flexible material we use is one type of a special polymeric material called TheraCour®, invented by the Company’s founders. It assembles in solution into a flexible ball, somewhat like a ball of hair. We call this a nanoviricide micelle, or “nanomicelle” for short. On first contact with a virus particle, a nanoviricide micelle may bind to a virus particle because of specific interaction between a ligand attached to the nanoviricide and the glycoproteins on the virus surface. This may cause the flexible nanoviricide to reach very close to the virus surface, leading to additional ligands binding to additional viral coat proteins, in a mode called “cooperative binding.” Cooperative binding is a well known natural process that forms the basis of biological recognition such as antibody-antigen binding, DNA hybridization, and protein assembly, among others. Eventually it is thought that the interior of the nanomicelle, which is lipidic (oil-like) in nature, would fuse with the exterior lipidic coat of the virus particle. This lipidic fusion is also a well known natural process. Such fusion may lead to the flexible nanomicelle spreading onto the virus surface much like an oil-slick covering a golf ball. In the process, the coat proteins that the virus uses for binding to cells may be expected to become unavailable, and are also likely to even get stripped off completely. The virus particle would then be rendered incapable of binding to a cell, and thus no longer infectious or capable of causing disease or of making copies of itself. We call this the “active view” of how a nanoviricide may work.
Nanoviricides thus are designed to employ the “Bind-Encapsulate-Destroy” strategy, which is akin to the “Find-Encircle-Destroy” war strategy that has been successfully employed historically in many wars.

Antibodies are a major defense of humans and animals against viruses. After a person is infected by one particular virus, the person develops antibodies against the virus. The infection is fully controlled after a strong antibody response develops. Subsequent exposure to the same virus does not cause disease. However, antibodies by themselves do not destroy a virus particle. After a few antibodies bind to a virus particle, several processes must take place that eventually lead to destruction of the virus particle. Many viruses have developed ways of dysregulating this complex immune response cascade. In addition, many viruses, such as influenza viruses, cause significant pathology prior to the development of a full fledged antibody response in a patient.

Nanoviricides, on the other hand, are designed as “programmed nanomachines” capable of executing the entire strategy of “Bind-Encapsulate-Destroy” without any dependence on or assistance from the human immune system.

Antibodies also may be too specific to a particular virus strain, and thus viruses evade antibodies by changing their external surface. Vaccines create antibodies in the recipient, in order to protect the person. Vaccines are thus limited by the nature of antibodies, and tend to be very specific to particular strains or groups of strains of a virus. This is why a new seasonal vaccine must be formulated for influenza every year. This is also why a novel influenza strain such as bird flu (H5N1) or the 2009 ”Swine flu” virus cannot be defended against by existing vaccines. In addition, novel vaccines against the novel strain cannot be developed and manufactured in time, as was demonstrated during the 2009 “swine Flu” pandemic.

Despite all evolutionary/spontaneous changes such as mutations, re-assortments, recombinations, etc., a particular virus retains its ability to bind to the same cell receptor features on the cell surface at the same sites. In designing a nanoviricide, we pay particular attention to the design and selection of a ligand. We generally attempt to choose a ligand that mimics the cell surface features to which all virus strains of a particular virus are known to bind. We therefore believe that a resistant viral strain against such a nanoviricide would be far less likely to occur than resistance development against any other antiviral agent strategy. If, however, such resistance does occur, a new

nanoviricide can be developed by changing the ligand appropriately.

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We designed the nanoviricides to act by a novel set of multiple, concerted, mechanisms. However, being so novel, our drugs are not directly comparable to existing anti-viral therapies. Thus, the safety and efficacy of the nanoviricides needs to be established by experimentation, and cannot be anticipated on the basis of any similar information regarding existing drugs.

It is important to realize that the flexible nanoviricides nanomedicines show substantial advantages over hard sphere nanoparticles in this antiviral drug application. Hard sphere nanomaterials such as dendritic materials (dendrimers), nanogold shells, silica, gold or titanium nanospheres, polymeric particles, etc., were never designed to be capable of completely enveloping and neutralizing the virus particle.

The Company does not claim to be creating a cure for viral diseases. The Company's objectives are to create the best possible anti-viral nanoviricides and then subject these compounds to rigorous laboratory and animal testing towards US FDA and international regulatory approvals. Our long-term research efforts are aimed at augmenting the nanoviricides that we currently have in development with additional therapeutic agents to produce further improved anti-viral agents in the future.

The Company plans to develop several drugs through the preclinical studies and clinical trial phases with the goal of eventually obtaining approval from the United States Food and Drug Administration (“FDA”) and International regulatory agencies for these drugs. The Company plans, when appropriate, to seek regulatory approvals in several international markets, including developed markets such as Europe, Japan, Canada, Australia, and Emerging Regions such as Southeast Asia, India, China, Central and South America, as well as the African subcontinent. The seeking of these regulatory approvals would only come when and if one or more of our drugs, now in early stage of pre-clinical development, has significantly advanced through the US FDA regulatory process. If and as these advances occur, the Company may attempt to partner with more established pharmaceutical companies to advance the various drugs through the approval process.

There can be no assurance that the Company will be able to develop effective nanoviricides, or if developed, that we will have sufficient resources to be able to successfully manufacture and market these products to commence revenue-generating operations.

There can be no assurance that other developments in the field would not impact our business plan adversely. For example, successful creation and availability of an effective vaccine may reduce the potential market size for a particular viral disease.

The Company's headquarters are currently in West Haven, Connecticut.

We plan on undertaking the development of drugs against additional viral targets when adequate financing becomes available. The Company's ability to achieve progress in the drugs in development is dependent upon available financing and upon the Company's ability to raise capital. The Company will negotiate with TheraCour to obtain licenses for additional viral diseases as necessary. However, there can be no assurance that TheraCour will agree to license these materials to the Company, or to do so on terms that are favorable to the Company.

The total market size of drugs for the programs in which we already have lead drug candidates are estimated to be over $40 billion in 2013.

“H1N1 Swine Flu,” Common Influenzas, High Path Avian Influenzas, Bird Flu, Epidemic and Pandemic Influenzas

Our FluCide program lead drug candidate has shown efficacies animals that far exceed that of known drugs such as oseltamivir (Tamiflu®, Roche) against common influenza in an animal model. Until last year, we had three different

drug development programs for influenzas: FluCide for common influenzas, FluCide-HP for highly pathogenic influenzas, and AviFluCide specific to H5N1 bird flu. We have consolidated all three of our influenza drug programs into a single, broadly active, yet highly effective, pan-influenza FluCide program. The new FluCide is expected to be highly active against all influenzas, including highly pathogenic strains such as H5N1, the novel H1N1/2009 Mexico/California “Swine Flu” epidemic strain, H3N2, H7N, and H9N among others. We are currently developing a single drug for all influenzas, whether pandemic, epidemic, seasonal, novel, emerging, human, swine, or avian. We anticipate significant cost savings as well as simplification in regulatory and eventual marketing efforts by consolidating these drug programs.

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Recently, with additional SAR (structure-activity-relationship) studies, we have been able to develop influenza virus binding ligands that are expected to be superior to the previously used ligands in FluCide-HP. The new ligands are designed to be closer mimics of the sialic acid receptors (than the previously employed ones), yet capable of binding to influenza virus hemagglutinin proteins that use either the "avian" or the "human" types of sialic acid receptors. Pigs are known to be a "mixing vessel" species, exhibiting both avian and human types of sialic acid receptors, and thereby re-assortment (mixing) of genetic material from influenza strains, subtypes, or types, with different host specificities can occur readily in pigs. We are actively seeking partnerships, collaborations, and government funding for our anti-influenza drug program.

Viral Diseases of the Eye: Viral Conjunctivitis, Viral Keratitis – Eye Drops

We are developing a nanoviricide against adenoviral Epidemic Kerato-Conjunctivits (EKC). EKC is a severe disease of the eye which in some people causes long term or permanent blurred vision. In an animal study, our EKCCide lead candidate was shown to rapidly resolve the clinical signs of the disease, when treatment was started after infection had set in. The clinical success included demonstration that no SEI's (immunoprecipitates) were formed in treated animals, as opposed to control group. SEI's are known to be the cause of blurred vision. There are currently no approved drugs available against EKC, and it is an active field of drug development research. There are about 2.5 million cases of EKC annually in the USA alone.

The Company is not aware of any animal studies of anti-EKC drug candidates that have demonstrated resolution of clinical disease. Based on these successful results, we expanded our program to develop a single broad-spectrum nanoviricide treatment effective against most of the viruses causing external eye diseases, including viral conjunctivitis and viral keratitis. A large majority of external eye viral infections are caused by adenoviruses or herpes simplex viruses (mainly HSV-1).

We have now successfully developed drug candidates that are effective against both adenoviruses and against HSV-1, viruses that cause most of the viral diseases of the external eye. Additional animal testing against HSV-1 infection of the eye is being commissioned at two independent external research centers.

HSV and some adenoviruses cause most of the cases of keratitis, a serious infection of the cornea (approximately 250,000 US cases/year). Importantly, HSV infection can lead to corneal scarring that may necessitate corneal transplantation. In addition, some adenoviruses cause a majority of conjunctivitis cases ("Pink eye"). The remaining cases of conjunctivitis are caused by bacteria and are treatable with topical antibiotics. Currently there are no effective treatments for viral diseases of the exterior portion of the eye.

The nanoviricide eye drug candidate is formulated as simple eye drops.

The total market for viral conjunctivitis and keratitis is estimated to be in the billions of dollars. The incidence of severe herpes keratitis is estimated to be 250,000 cases per year in the USA. In Japan, where EKC is a reportable disease, it is estimated that there are at least one million cases per year. The number of cases of non-specific conjunctivitis (pink eye) is considered to be far greater, possibly into the tens of millions in the US and hundreds of millions worldwide.

The Company reported on February 27, 2009 that it entered into a Material Transfer Agreement with a major pharmaceutical company. Pursuant to the terms of the agreement, the Company is not authorized to disclose the identity or the terms of the Agreement, except for securities reporting purposes. The pharmaceutical company will evaluate one of the Company's compounds as a drug candidate for certain viral infections of the external eye. The Agreement also provides that following evaluation, should the pharmaceutical company so elect, the parties may enter into good faith negotiations for an exclusive, worldwide license for drug development and commercialization of the

eye drug candidate. The initial phase of evaluation was completed recently.

On May 6, 2009, the Company entered into a Clinical Study Agreement with TheVac, LLC, a company affiliated with the Emerging Technology Center of the Louisiana State University. At present, TheVac is performing biological testing of anti-herpes nanoviricides. TheVac is conducting studies on the effect of anti-herpes nanoviricide drug candidates developed for use against herpes cold sores and genital herpes in cell culture models. In addition, TheVac is also conducting studies on the effect of anti-herpes nanoviricides drug candidates in a mouse model of herpes keratitis. Professor Gus Kousoulas and his team at Louisiana State University have validated and published on this animal model extensively in peer-reviewed scientific journals.

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HIV

Our very first animal studies in the standard SCID-hu mice against HIV-I have demonstrated that our primary nanoviricide drug candidate, HIVCide, as well as several other nanoviricide drug candidates were found to be superior to the three-drug oral cocktail (HAART) that is the current standard of care.

We designed the anti-HIV nanoviricides using rational drug design principles. The ligands we have designed in the case of HIV-1 are thought to be broadly neutralizing. In-silico modeling indicates that our ligands dock to the conserved CD4 binding site of gp120 of HIV-1. We have even observed successful docking of some of our ligands with gp120 of the HIV-1 JRFL strain which is thought to be resistant to HAART.

Resistance to HAART eventually leads to AIDS. It is possible that HIVCide can be used in addition to HAART to obtain even stronger beneficial effects, resulting in a "functional cure" of HIV. We believe that the term "Functional Cure" of HIV may be defined as: The HIV genome integrates into certain human cells that go into hiding or dormancy for several years. While dormant, the HIV genome does not produce HIV virus particles or HIV proteins to any significant extent and are thought to remain unaffected by current anti-HIV drugs. The current standard treatment results in very low levels of HIV viremia, but the immune cells (CD4+ T cells and CD8+T cells) count eventually begins decreasing at a slow rate. The HAART therapy must be continued for the life of the patient. A more effective therapy could result in complete loss of HIV from the blood stream. This may eliminate the slow loss of healthy immune cell populations, and allow immune system function to return to normal. Patients may then enjoy a normal life without further daily treatment, until an episode occurs which mobilizes the "sleeping" cells containing the HIV genome in addition to eliminating HIV particles. Such a therapy would be called a "functional cure" against HIV. A total cure of HIV would require elimination of the dormant cell pool containing the HIV genome. Research in the field of reactivating the dormant pool of HIV infected cells is encouraging. If these cells can be reactivated, and simultaneously the HIV viremia controlled, researchers have proposed that this could lead to reduction in the dormant infected cell pool. If their hypotheses are correct, HIVCide could lead to an eventual cure, possibly in combination with other drugs.

Nanoviricides act by a different mechanism than other approved anti-HIV therapeutics. The Company believes, therefore, that by combining a nanoviricide with current therapy, a functional cure of HIV may be already achievable. However, there is no way to predict whether such a treatment would be successful at providing a functional cure of HIV at present.

Certain preliminary additional studies in cell cultures have recently been completed at SRI-F. The Company scientists are currently evaluating the datasets and expect to be able to announce the results soon. We executed a Master Service Agreement (MSA) with Southern Research Institute, Infectious Diseases Division, Frederick, MD (SRI-F) to conduct these studies. SRI-F is a well established Contract Research Organization (CRO) that has developed, conducted, and published in scientific journals on standardized study protocols for various mechanisms of anti-HIV action, including microbicides, antibodies, and small chemical therapeutics. We are also planning additional animal studies of these drug candidates. We are also planning additional animal model studies of the HIVCide lead drug candidate. On May 17, 2010, the Company announced that it had signed a research and development agreement with the University of California, San Francisco (UCSF), for the testing of its anti-HIV drug candidates. Cheryl Stoddart, PhD, Assistant Professor in the UCSF Division of Experimental Medicine, will be the Principal Investigator. Dr. Stoddart is a recognized investigator in preclinical studies of anti-HIV compounds using the standard SCID-hu Thy/Liv humanized mouse model. Additional animal studies are also expected to be conducted at KARD Scientific.

HIVCide is expected to be a significant anti-HIV candidate, acting by a novel mechanism of action and a first-in-class therapeutic, based on current preliminary data. We intend to develop it further.

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Herpes “Cold Sores” and Genital Herpes

We have developed nanoviricide drug candidates that are capable of attacking the herpes virus that causes cold sores and genital herpes. These drug candidates are designed so that they can be easily formulated as a skin cream or gel formulation in order to be able to apply readily to cold sores or genital lesions caused by herpes.

We have successfully tested these drug candidates in a cell culture model for effectiveness against Herpes Simplex Virus (HSV-1) infection. This testing was conducted by TheVac, LLC, laboratories at the Louisiana Emerging Technology Center located within the Louisiana State University (LSU) campus in collaboration with the LSU School of Veterinary Medicine.

Four different nanoviricides showed greater than 10,000-fold (>99.99% or 4-logs) reduction in virus quantity compared to untreated controls in a cell culture assay employing the LSU proprietary green-fluorescent-protein-tagged (GFP) modified HSV-1 McKrae strain.

These nanoviricide drug candidates are designed to act against all herpes simplex virus strains, including HSV-1 and HSV-2. The Company has commissioned additional in vitro studies to confirm the results. Animal studies have also been scheduled.

Herpes simplex virus (HSV) causes “cold sores” or “fever blisters”, the incidence of which is second only to the common cold (100 million recurrences annually in the US alone). In addition, genital herpes prevalence is 67 million infected individuals in the US alone. This represents 20% of the US population infected with symptomatic, recurrent disease. It is also believed that a large fraction of infected individuals remain asymptomatic. Seroprevalence (people with antibodies) in general French population is about 67% for HSV-1 and 17% for HSV-2. It is estimated that worldwide incidence and infection rates are very similar to these high proportions of infection prevalence.

Existing therapies for herpes virus infections include acyclovir and drugs chemically related to it (e.g. gancyclovir, valcyclovir, others). These drugs, nucleoside analogs, act by inhibiting viral DNA synthesis. However, there is known drug toxicity due to interference with human metabolism. Currently, there is no cure for herpes infection.

Nanoviricides are designed to act by a novel and distinctly different mechanism compared to existing drugs. Nanoviricides are designed to mimic the human cell surface to which the virus binds. Our results suggest that a nanoviricide could become a highly sought after drug against HSV.

Neglected Tropical Diseases and Biosecurity/Biodefense Programs

Ebola, Marburg

We have obtained significant positive results against Ebola, although the Ebola virus produces a soluble glycoprotein decoy that may be capable of avoiding certain of our virus-binding ligands. USAMRIID, our collaborator, is planning to present these studies at upcoming international conferences, and the Company has provided appropriate authorization for it to do so.

In the absence of public funding, the Company’s ability to develop these drugs is very limited. This is a low-priority project for the Company.

Dengue

We are currently working on developing anti-Dengue therapeutics. Dengue is an important NTD. According to the Centers for Disease Control and Prevention in Atlanta (CDC), dengue fever risk is about 1 illness per 1,000 US travelers, and it is the most common cause of fever in returned travelers from the Caribbean, Central America, and South Central Asia. The CDC has also noted "dengue is the most important mosquito-borne viral disease affecting humans. Each year, tens of millions of cases of DF occur and, depending on the year, up to hundreds of thousands of cases of Dengue hemorrhagic fever (DHF)." Dengue fever is also called "break-bone fever". The first or primary dengue infection has very low fatality rates associated with it. However, when a person is infected with a different type of dengue virus afterwards, the person is at risk of developing Dengue Hemorrhagic Fever (DHF), or Severe Dengue fever. The fatality rate associated with DHF/Severe Dengue may be as high as 10%. There is currently no vaccine or cure for dengue, which causes high fever, muscular pain, headaches, vomiting, and in some cases skin rash. WHO estimates that 2.5 billion people are at risk of dengue fever or of DHF out of a total world population of 6.6 billion. Dengue viruses are carried by Aedes aegypti mosquito, which is gaining ground northwards as the global climate warms up. There have been several cases of Dengue in the southern regions of the USA.

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Dengue and dengue hemorrhagic fever/dengue shock syndrome are emerging as serious global health problems. Dengue is endemic in large parts of the world. It now threatens over 3 billion people world-wide or 40% of world population, and is considered a re-emerging threat in the United States. Dengue is officially considered a "neglected tropical disease" by the World Health Organization. About 50-100 million people are infected by dengue virus every year. In fact, just recently, the government of Cali, Columbia declared a dengue emergency because of the number of dengue infections and deaths. Globalization and warming climates along with changes in the ecology of the virus-carrying mosquito are accelerating the spread of the virus. Without proper treatment, DHF fatality rates can exceed 20%. (Source: WHO Dengue and dengue haemorrhagic fever Fact Sheet No. 117, March 2009; http://www.who.int/mediacentre/factsheets/fs117/en/)

The Company signed a Research and Development agreement with Professor Eva Harris' Lab at the University of California Berkeley for nanoviricides against dengue viruses. Dr. Eva Harris is a Professor of Infectious Diseases at UC Berkeley. She is a leading researcher in the field of dengue. Her group has developed a unique animal model for dengue virus infection and disease that effectively emulates the pathology seen in humans. In particular, the critical problem of dengue virus infection, called "Antibody-Dependent Enhancement" (ADE), is reproduced in this animal model. When a person who was previously infected with one serotype of dengue virus is later infected by a different serotype, the antibodies produced by the immune system can lead to increased severity of the second dengue infection, instead of controlling it. ADE thus can lead to severe dengue disease or dengue hemorrhagic fever (DHF). Under the agreement, Dr. Harris and coworkers will evaluate the effectiveness of nanoviricides drug candidates against various dengue viruses. Cell culture models as well as in vivo animal studies will be employed for testing the drug candidates.

The Company has developed a library of small chemical ligands that bind to dengue virus envelope proteins using in silico studies. Using these ligands, a number of candidate nanoviricides that are capable of attacking the dengue virus have been developed. The Company believes that these nanoviricide drug candidates mimic the natural, common attachment function by which the four different dengue virus serotypes bind to the body's host cells. If this proves to be correct, the Company believes that a nanoviricide drug under development can be expected to be a broad-spectrum anti-dengue antiviral treatment capable of attacking all four dengue virus serotypes and their variant strains.

Professor Harris has very recently completed certain preliminary cell culture studies evaluating nanoviricides against dengue viruses. The Company scientists are currently performing data analysis and expect to announce our findings soon.

Currently there are no approved vaccines for the prevention of dengue, nor drugs for treatment of dengue virus infection. The worldwide market size for an effective anti-dengue treatment may be as large as that for Hepatitis C virus treatment, or in the billions of dollars, based on current population exposure data.

Rabies

Our RabiCide program has resulted in candidates that have enabled survival of 20% to 30% of infected animals after disease has set in, using a particular animal model. Further testing is in progress in a different experimental model. We believe that if this testing succeeds, it may be the first ever therapeutic against rabies. Currently, rabies is a uniformly lethal disease with only prophylactic medications available, which are comprised of human antibodies, monoclonal antibody mixtures, and rabies vaccine virus strains. The potential market size for a rabies drug worldwide has been estimated at $300M to $500M. In absence of public funding, the Company's ability to develop these drugs is very limited.

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Advanced Technologies: ADIF Technologies

We believe that our technologies and capabilities at attacking different viruses are fairly well demonstrated. In addition, we have developed "Accurate-Drug-In-Field™" or ADIF™ technologies that may show efficacy in treating epidemics like H5N1, SARS or Ebola by developing a targeted therapeutic in the field to prevent the spread of the disease.

ADIF technology does not require any knowledge of the molecular biology of the virus, or even its specific identification. An accurate drug, specifically targeted at the virus, can be developed in the field, from nanomicelles stockpiled beforehand. This enables a rapid response timeframe of as short as 3 weeks for initial drug doses, and potentially less than 3 months for sufficient doses to curb the spread of the virus outside the affected area. Thus ADIF technologies are applicable to novel, or engineered viruses, or emerging infections whether natural or man-made. This technology may have significant applications in the Biodefense area. We believe that this is the only technology that can enable humans to combat novel viruses before they spread disease.

We have already demonstrated the ADIF technology capabilities successfully.

The Strength of Our Drug Pipeline

Between the two ends of the spectrum of specific antivirals developed during peace-time effort, and the specific antivirals developed as a "war-like" effort (ADIF), we have also demonstrated the capability of developing broad-spectrum nanoviricides. Broad-spectrum nanoviricides are based on the validated scientific fact that a large number of virus families employ the same cell surface receptor. Our nanoviricides are designed as "cell biomimetics," meaning that the nanoviricides "look like" a cell to the virus. The nanoviricide carries a portion of the broad-spectrum receptor on the nanomicelle surface that the virus attaches to and is then entrapped or dismantled by the nanoviricide. Such broad-spectrum nanoviricides could be stockpiled to enable treatment of many infectious agents with very few drugs, and thus would be valuable to worldwide disease programs, and Strategic National Stockpiling efforts.

We believe that the Company has a strong, wide and deep pipeline of drugs. However, with relatively meager financial resources, the Company continues to juggle prioritization of the various programs, and program achievements. We are also working on bolstering our infrastructure with the objective of enabling us to file pre-IND applications for some of our drug candidates with the FDA. The Company has received significant interest from major pharmaceutical companies in its Viral Eye Diseases drug candidate, and HIVCide™ and FluCide™ programs to date, and we expect interest to increase in other programs as well. There is no guarantee that this interest would result in any financially lucrative co-development agreements.

All of our programs are currently at the pre-clinical stage. We have established preliminary proof of efficacy in cell culture and animal models, and we have conducted preliminary safety studies that have indicated that all of our nanoviricides are safe in the animal models as tested. We continue to work on further experiments necessary for development of our various drug candidates as FDA approvable drugs.

Last year, we added two commercially important drug candidates to our pipeline, namely HIVCide and EKCCide™.

This year, we have greatly expanded the scope of our eye anti-viral treatment to develop drug candidate eye drops against potentially all viruses infecting the exterior portion of the eye. Our EKCCide program has now evolved into the broad-spectrum eye drops antiviral program, which is expected to lead to a significant expansion in marketability as well as market size if successful.

A nanoviricide against Herpes cold sores and genital herpes is a new addition to our pipeline of drug candidates this year. The market size for herpes simplex virus treatments is in excess of $2 billion annually.

In addition, we simplified our anti-influenza drug programs because of the high efficacies of our new drug candidates into a single pan-Influenza broadly acting new FluCide. This single drug is being developed for all influenza indications including seasonal influenzas, highly pathogenic influenzas, bird flu, and novel epidemic influenzas such as the current novel H1N1/2009. We believe that this will reduce development costs significantly. This is also expected to help us gain expanded market share and easier market acceptance, including stockpiling, when a drug is approved. Emergency Use Authorization can occur under circumstances such as the current epidemic under certain conditions after an IND has been filed, prior to a full FDA approval. We are not at the stage of submitting the necessary applications to the FDA as yet.

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Further we have also begun biological testing in the Dengue antivirals program. The Company has developed a library of small chemical ligands that bind to dengue virus envelope proteins using in silico studies. Using these ligands, a number of candidate nanoviricides that are capable of attacking the dengue virus have been developed. The Company believes that these nanoviricide drug candidates mimic the natural, common attachment function by which the four different dengue virus serotypes bind to the body's host cells. If this proves to be correct, the Company believes that a nanoviricide drug under development can be expected to be a broad-spectrum anti-dengue antiviral treatment capable of attacking all four dengue virus serotypes and their variant strains.

We are developing nanoviricides for different routes of administration, choosing the best option based on a viral disease pathology. Thus, we are developing eye drop formulation for the viral diseases of the external eye. We are developing skin cream and gel formulations for topical application of nanoviricides against oral and genital herpes. Other drugs candidates including FluCide and HIVCide are currently being developed as injectables. We believe that it will be possible in the future to develop aerosols for influenza and nasal sprays for common colds and similar diseases. This is possible because nanoviricides have been designed so that they can be formulated in many different ways.

Liquidity and Capital Resources

Requirement for Additional Capital

We currently have sufficient cash reserves to achieve all of our budgeted plans through December 31, 2011. In the near future, we anticipate that we will need to obtain additional financing to finance studies necessary for an investigational new drug ("IND") filing with the FDA. If we are unable to obtain this additional financing, our business plan will be delayed.

The Company estimates that as of March 31, 2010, the Company has an approximate cash balance of $2,947,954. In addition, the Company has raised approximately $4,510,000 in net proceeds from a $5,000,000 investment closed on May 12, 2010. Based on this, the Company estimates that our cash balance will be sufficient for the Company's current operating needs through at least December 31, 2011, based on its current rate of expenditure. The Company believes that the current cash available should be sufficient for the filing of at least one pre-IND application with the FDA for one of its several drug candidates as soon as possible. The Company believes that it will need additional capital for further program expansion as explained below.

We estimate that we will need approximately an additional $5 M to $10 M over the next 18 months for further development of our pipeline in addition to the recently completed financing of $5,000,000 . We had originally estimated needs of approximately $10M to $15M for these tasks in our previously filed annual report, and thereafter amendedby Form 10K/A.. . These additional funds, if raised, will enable us to perform c-GLP Toxicology Package Studies and additional efficacy studies necessary to prepare the full dataset required for filing our first Investigational New Drug Application ("IND") with the US FDA on one of our drug candidates. The additional funds will also be needed to pay additional personnel, increased subcontract costs related to the expansion and further development of our drug pipeline, and for additional capital and operational expenditures required to file our first IND.

Further, we anticipate incurring additional costs of approximately $10 to 15 million dollars in the upcoming twenty-four months to construct or obtain facilities to support an initial new drug application filing with the FDA in accordance with our business plans. The Company or its Management does not have previous experience with building or obtaining and repurposing, cGMP facilities. We base our estimates on the basis of discussions with colleagues and consultants in the industry. These discussions are preliminary in nature. We have not commissioned any detailed studies regarding the requirements analysis or the design and development of such a facility suited for our purposes as of now. We therefore believe that this estimate is a starter estimate and more firm estimates can only be

made after we can engage appropriate firms to perform the requirements analysis and preliminary facility design engineering work for us.

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We anticipate that we will incur the following expenses over the next twelve months:

1. Research and Development subcontractor costs of $1,500,000: Including planned costs of $1,200,000 for in-vivo and in-vitro studies for pan-influenza FluCide, NanoViricide eye drops against EKC and other Ocular viral deceases, HIVCide, Dengue, and NanoViricides against genital and ocular Herpes, planned for the next twelve months ending March 31, 2011. The Company has allocated the planned costs of $1,500,000 evenly over the four drug candidates.

2. Corporate overhead of $750,000: This amount includes budgeted office salaries, legal, accounting and other costs expected to be incurred by being a public reporting company.

3. Capital costs of $750,000: This is the estimated cost for equipment and laboratory improvements expected during the next twelve months ending March 31, 2011.

4. Staffing costs of $1,000,000: This is the estimated cost of hiring additional scientific staff and consulting firms to assist with FDA compliance, material characterization, pharmaco-kinetic, pharmaco-dynamic and toxicology studies, and other items related to FDA compliance, as required for development of necessary data for filing an Pre-Investigational New Drug Application (pre-IND) with the United States Food and Drug Administration.

On April 29, 2010, the Company's Form S-3 Registration Statement, filed March 4, 2010, as amended March 15, 2010, was declared effective by the SEC, authorizing the Company to issue an aggregate of $40,000,000 of registered common stock, preferred stock, warrants, and debt securities. (See Note 9, Subsequent Events)

On May 11, 2010, the Company entered into a Securities Purchase Agreement (the "Agreement") with Seaside 88, LP, a Florida limited partnership ("Seaside"), relating to the offering and sale (the "Offering") of 500,000 shares (the "Shares") of the Company's Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock") at the purchase price of $10.00 per share (the "Purchase Price") for an aggregate investment of $5,000,000. (See Note 9, Subsequent Events)

As a result of the successful sale of the Company's Series B Convertible Preferred Stock to Seaside, LP the Company has sufficient cash and cash equivalents to meet its budgeted expenditures until December 31, 2011.

The Company will be unable to proceed with its planned drug development progress, meet its administrative expense requirements, capital costs, and staffing costs after about December 31, 2011 without obtaining additional financing.. Seaside 88, LP has an additional option of $5,000,000 that they can exercise which would bring in an additional $5 million gross proceeds to the Company. However, they are under no obligation to exercise this option. If we are unable to obtain additional financing, our business plan will be significantly delayed or curtailed. The Company continues to re-prioritize its objectives and delay certain drug development programs until we can raise sufficient funding that enables further development of the drugs with the goal of filing an Investigational New Drug application (IND) to the FDA.

The Company does not have any arrangements in place, at this time, for equity or other financing for these further financing needs. However, the Company is in discussions with certain investors who would provide such capital.. If we are unable to obtain additional financing, our business plan will be significantly delayed. On April 29, 2010, the Company's Form S3 Universal Shelf Registration for $40 million dollars became effective, At present, the Company has utilized $5 million of the available shelf registration.

The Company has limited experience with pharmaceutical drug development. Thus, our budget estimates are not based on experience, but rather based on advice given by our associates and consultants. As such these budget

estimates may not be accurate. In addition, the actual work to be performed is not known at this time, other than a broad outline, as is normal with any scientific work. As further work is performed, additional work may become necessary or change in plans or workload may occur. Such changes may have an adverse impact on our estimated budget. Such changes may also have an adverse impact on our projected timeline of drug development.

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We believe that in the near future, planned studies will lead us to obtain certain information about the safety and efficacy of some of the drugs under development in animal models. If our studies are not successful, we will have to develop additional drug candidates and perform further studies. If our studies are successful, then we expect 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. We believe these data will then enable us to file an Investigational New Drug (IND) application, towards the goal of obtaining FDA approval for testing the drugs in human patients.

Most pharmaceutical companies expect 4 to 10 years of study to be required before a drug candidate reaches the IND stage. We believe that because we are working in the infectious agents area, our studies will have objective response end points, and will be of relatively short durations in many cases. Our business plan is based on these assumptions. If we find that we have underestimated the time duration of our studies, or we have to undertake additional studies, due to various reasons within or outside of our control, this will grossly and adversely impact both our timelines and our financing requirements.

Management intends to use capital and debt financing, as required, to fund the Company's operations. There can be no assurance that the Company will be able to obtain the additional capital resources necessary to fund its anticipated obligations for the next twelve months.

The Company is considered to be a development stage company and will continue in the development stage until it generates revenues from the sales of its products or services.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is not exposed to market risk related to interest rates or foreign currencies.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Based upon an evaluation of the effectiveness of disclosure controls and procedures, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

b) Changes in internal control over financial reporting.

Other than as described above, there were no material changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred as of December 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On January 1, 2010 the company's Board of Directors authorized the issuance of 39,625 shares of its common stock with a restrictive legend in consideration of scientific equipment for $31,700, previously delivered to the Company.

On February 15, 2010 the Company approved an Additional License Agreement with TheraCour Pharma, Inc. ("TheraCour"). Pursuant to the exclusive Additional License Agreement, the Company was granted exclusive licenses, in perpetuity, for technologies, developed by TheraCour, for the development of drug candidates for the treatment of Dengue viruses, Ebola/Marburg viruses, Japanese Encephalitis, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes. As consideration for obtaining these exclusive licenses, we agreed to pay a one time licensing fee equal to seven million shares of the Company's Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company's intellectual property, into shares of the Company's common stock at the rate of four shares of common stock for each share of Series A Preferred Stock. The Series A Preferred Stock has a voting preference at the rate of four votes per share. The Series A Preferred do not have any dividend rights, have no liquidation preference and may not be amended without the holders' approval. The issuance of the 7,000,000 shares of Series A Preferred was valued at their par value, or $7,000.

In February 2010, the Scientific Advisory Board (SAB) was granted warrants to purchase 50,000 shares of common stock at $1.272 per share. These warrants, if not exercised, will expire in February, 2014. The fair value of these warrants in the amount of $40,200 was recorded as consulting expense.

On March 3, 2010, the Company entered into employment agreements with its two executive officers, Dr. Eugene Seymour and Dr. Anil Diwan. Pursuant to the employment agreements, Dr. Seymour shall continue to serve as Chief Executive and Financial Officer and Dr. Diwan shall continue to serve as Chairman of the Board of Directors and President. As additional compensation under the employment agreements, the Company issued 250,000 shares of the Registrant's Series A Convertible Preferred Stock and shall issue an additional 250,000 shares of Series A Convertible Preferred Stock on each anniversary of the respective employment agreements through February 28, 2014. There is currently no market for the shares of Series A Preferred Stock and they can only be converted into shares of common stock upon a change of control of the Registrant. The Company recorded an expense of $1,027,646 on the issuance of the Series A Preferred Stock.

On March 3, 2010, the Company entered into an employment agreement with Dr. Jayant Tatake to serve as Vice President of Research and Development. As additional compensation, the Company issued 93,750 shares of Series A Convertible Preferred Stock and 125,000 shares of restricted common stock, and shall issue an equivalent number of restricted shares on each anniversary date of the agreement through February 28, 2014. The Company recorded an expense of $156,250 upon issuance of the restricted common stock and an expense of $192,684 on the issuance of the Series A Convertible Preferred Stock.

The Series A Preferred stock issued on March 3, 2010 under the employment agreements were valued at $1,220,330 based upon industry specific control premiums and the Company's market cap at the time of the transaction, the conversion value of the shares discounted for lack of marketability based on the conversion restrictions. The value of

the preferred shares,therefore, is an estimation of current value calculated utilizing statistical assumptions and methods, of future conditions, which may not be realized.

On March 3, 2010, the Company entered into an employment agreement with Dr. Randall Barton to serve as Chief Scientific Officer. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Registrant issued 125,000 shares of restricted common stock, and shall issue an equivalent number of restricted shares on each anniversary date of the agreement through February 28, 2014. The Company recorded an expense of $156,250 upon issuance of the restricted common stock.

For the nine months ended March 31, 2010, the Company's Board of Directors authorized the issuance of 107,415 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $80,713.

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All of the securities set forth above were issued by the Company pursuant to Section 4(2) of the Securities Act of 1933, as amended, or the provisions of Rule 504 of Regulation D promulgated under the Securities Act. All such shares issued contained a restrictive legend and the holders confirmed that they were acquiring the shares for investment and without intent to distribute the shares. All of the purchasers were friends or business associates of the Company's Management and all were experienced in making speculative investments, understood the risks associated with investments, and could afford a loss of the entire investment. The Company has not utilized an underwriter for an offering of its securities, except in the recent financing completed on May 11, 2010, with Seaside 88, LP, wherein Midtown Capital Partners, LLC were engaged in as placement agent for the Company's securities sold in that offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit index

Exhibit	
31.1	Certification of Chief Executive and Interim Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer and Interim Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K. During the fiscal quarter ended March 31, 2010, the Company filed the following Current Reports on Form 8-K:

1. On March 10, 2010, the Company filed a Current Report on Form 8-K, as amended by a Current Report filed on Form 8-K/A on March 11, 2010, announcing that it had entered into employment agreements with certain officers. On March 3, 2010, the Company entered into employment agreements with its two executive officers, Dr. Eugene Seymour and Dr. Anil Diwan. Pursuant to the employment agreements, Dr. Seymour shall continue to serve as Chief Executive and Financial Officer and Dr. Diwan shall serve as Chairman of the Board of Directors and President. Each employment agreement provides for a term of four years with a minimum annual base salary of $250,000. In addition, Dr. Seymour and Dr. Diwan are eligible for an increase in base salary to $275,000 if the Company consummates a financing with gross proceeds of at least $5,000,000. Also, the base salary shall increase to $300,000 for Dr. Seymour and $300,000 for Dr. Diwan if the Company becomes listed on a national stock exchange. As additional compensation under the employment agreements, the Company issued 250,000 shares of the

Company's Series A Convertible Preferred Stock and shall issue an additional 250,000 shares of Series A Convertible Preferred Stock on each anniversary of the respective employment agreements. There is currently no market for the shares of Series A Preferred Stock and they can only be converted into shares of common stock upon a change of control of the Company. Pursuant to Dr. Diwan's employment agreement, the Company shall provide for life insurance coverage in the amount of $2,000,000, in which the Company is a beneficiary of the amount equal to $1,000,000. The employment agreements also provide for customary provisions for vacations, and benefits. The agreements do not provide for bonuses other than such bonuses as may be determined from time to time by the Board of Directors.

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On March 3, 2010, the Company entered into an employment agreement with Dr. Jayant Tatake to serve as Vice President of Research and Development. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Company issued 93,750 shares of Series A Convertible Preferred Stock and 125,000 shares of common stock, on each anniversary date of the agreement.

On March 3, 2010, the Company entered into an employment agreement with Dr. Randall Barton to serve as Chief Scientific Officer. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Company issued 125,000 shares of common stock, on each anniversary date of the agreement.

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.

Dated: May 20, 2010

NANOVIRICIDES, INC.
/s/ Eugene Seymour, MD
Eugene Seymour, M.D.
Chief Executive Officer and Interim Chief Financial Officer and Director
(Principal Executive, Accounting and Financial Officer)

/s/ Anil Diwan
Anil Diwan,
President and Chairman of the Board of Directors