ABSTRACT

Name : Siti Tias Miranti
Title : Investment Feasibility of Domestic Paracetamol API Manufacturing in Indonesia: A Financial Modelling Approach

Indonesia still depends heavily on imported Active Pharmaceutical Ingredients (APIs), including paracetamol API, where domestic demand is fully met by imports. This condition raises the vulnerability of the national pharmaceutical supply chain, especially in the event of a global disruption such as the Covid-19 pandemic. The purpose of this study is to evaluate the financial feasibility of establishing a paracetamol API industry in Indonesia using a financial model. The study's objective is an integrated plant for the production of paracetamol API with a capacity of 8,000 tons per year and a 20-year analysis horizon. Project feasibility was evaluated using Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period (PP), followed by sensitivity analysis. The baseline scenario was not financially feasible and sensitivity analysis revealed that the selling price was the most influential variable, followed by raw material cost, while the effects of CAPEX and corporate income tax were smaller. These results suggest that selling price and raw material cost are the critical factors determining the financial viability of domestic paracetamol API production, providing important insights for investment decision making in Indonesia’s pharmaceutical industry.

Keywords: Active Pharmaceutical Ingredients, Paracetamol, Financial Feasibility, Supply Chain Resilience.