

JUDGMENT SUMMARY

Neutral Citation	[2022] ADGMCFI 0011
Case Number	ADGMCFI-2022-111
Name of Case	Abu Dhabi Commercial Bank PJSC v Prasanth Manghat
Judge	Justice Sir Andrew Smith
Date Issued	28 November 2022
Catchwords	Worldwide Freezing Injunction; Costs; Assessment on standard basis; Summary assessment; Proportionality; Reasonably incurred and reasonable in amount.
Cases Cited	Bravo v Ameseur Resources plc, [2020] EWHC 2279 (QB) PJSC Pharmaceutical Firm “Darsita” v Metabay Import/Export ltd, [2021] EWHC 1471 (Comm) Kazakstan Kagazy plc v Zhunus, [2015] EWHC 404 (Comm)
Legislation and Authorities Cited	–
Executive Summary	This judgment considered the allocation of costs. The ADGM Court ordered Prasanth Manghat to pay Abu Dhabi Commercial Bank PJSC £150,000 for the freezing order application. These costs were summarily assessed and deemed proportionate and reasonable, noting Manghat's procedural conduct and ADCB's strong arguable fraud case, which previously led to an English freezing order.
Overall Summary	<p>Background</p> <p>This Abu Dhabi Global Market (“ADGM”) Court of First Instance (Commercial & Civil Division) judgment concerned the allocation of costs related to a Worldwide Freezing Order application (“WFO application”). The Claimant, Abu Dhabi Commercial Bank PJSC (“ADCB”), made a claim for damages and ancillary relief against the Defendant, Mr. Prasanth Manghat. ADCB alleges it was the victim of a fraud perpetrated by senior executives of the NMC Group of companies, including Mr. Manghat, and</p>

	<p>estimated its losses at approximately US\$1,003,550,058 as of 19 November 2020.</p> <p>ADCB initially brought a claim against Mr. Manghat and others in the English High Court on 2 December 2020, where a freezing order was granted. Mr. Manghat successfully challenged the English Court's jurisdiction, leading ADCB to initiate these proceedings in the ADGM. The English freezing order against Mr. Manghat was extended by agreement until the ADGM Court's determination of ADCB's WFO application, after which it was replaced by an ADGM order. On 30 September 2022, following an <i>inter partes</i> hearing, Justice Sir Andrew Smith granted ADCB's application for a worldwide freezing order, with a limit of US\$1 billion, and associated relief against Mr. Manghat, with reasons delivered on 3 October 2022. ADCB subsequently applied for the costs of this freezing order application and requested a summary assessment of those costs, while Mr. Manghat contended for a detailed assessment.</p> <p>Analysis</p> <p>The Court, exercising its powers under Rule 195 of the Court Procedure Rules (“CPR”) to make “<i>just</i>” orders for costs, determined that Mr. Manghat should pay ADCB's costs for the freezing order application. This decision was based on several factors.</p> <p>Firstly, ADCB presented “<i>powerful arguments</i>” and established a “<i>good arguable case</i>” that Mr. Manghat was involved in the fraud, a standard that is not particularly onerous for a freezing order application. The Court noted that the English Court had also concluded in 2020 that there was sufficient basis for a freezing order against Mr. Manghat.</p> <p>Secondly, Mr. Manghat's conduct during the application was relevant; he introduced an argument regarding delay that was not in his evidence and attempted to introduce a report in breach of proper procedure.</p> <p>Regarding the assessment method, Rule 200(1) of the CPR permits either a summary or detailed assessment of costs. ADCB sought summary assessment, arguing that the Court had the necessary information, was familiar with the application, and that a detailed assessment would cause disproportionate delay and additional cost. The Court agreed, concluding there was “<i>no good reason to delay</i>”. Mr. Manghat's objections, based on the amount of ADCB's costs (£292,420.76) and an alleged overlap with work done for the English proceedings, were rejected. The Court stated that the amount alone does not preclude summary assessment if the recoverable sum can be determined summarily, and the overlap argument did not impact the assessment of proportionality. The costs were assessed on a “<i>standard basis</i>,” meaning they must be “<i>proportionate to the matters in issue and are reasonably incurred and are reasonable in amount</i>,” as per Rule 198 of the CPR.</p> <p>In applying proportionality, the Court considered factors outlined in Practice Direction 9.20. While ADCB's claim amount US\$1 billion and its hourly rates were within indicative guidance, the Court found that Mr. Manghat's conduct did not significantly increase the work or costs. The Court emphasized that the focus should be on the “<i>complexity of the</i></p>
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	<p><i>freezing order application</i>” itself, rather than the entire litigation. Given that the ADGM freezing order was largely a “<i>reiteration</i>” of the previous English order, the recoverable costs should reflect only the “<i>relatively limited additional work required to re-present the English application</i>”.</p> <p>The Court concluded that costs exceeding £150,000 would be disproportionate in these circumstances, despite the magnitude of the underlying claim. Having reduced the recoverable costs to £150,000 on proportionality grounds, the Court was satisfied that this amount also met the requirement of reasonableness.</p> <p>Conclusion</p> <p>The Court ordered Mr. Prasanth Manghat to pay ADCB’s costs of and incidental to the freezing order application. The Court summarily assessed these costs on a standard basis and determined the payable sum to be £150,000.</p>
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This statement is not intended to be a substitute for the reasons of the Court or to be used in any later consideration of the Court’s reasons.