The theory explaining the phenomenon of superimposition, such as that of silver on nacre, according to advaita VedAnta, is known as anirvacanlyakhyAti.

According to it, the mental vRitti shows the object only as something in front, or merely as ‘this’. The fact that it is nacre is not known because of some defect, such as distance of the object from the person. The brightness of the object triggers the latent impression in his mind of silver seen previously elsewhere. Then he concludes, “This (the object in front) is silver. Shri Shankara defines adhyAsa as—smRitirUpah paratra pUrvaShTa avabhAsah—Of the nature of memory, the appearance elsewhere of some thing seen previously.

PanchapAdikA and VivaraNa, which are followed by VedAnta ParibhAsHAt and accepted by all advaita AcAryas hold that the adhyAsa of silver on nacre (as also all other adhyasas) is of two kinds—j~nAna adhyAsa, or adhyAsa of cognition and artha adhyAsa, or adhyAsa of object. It is held that what is seen in the illusion, or imagined to exist, is not merely the attributes of silver, but silver itself. It is held that silver is not merely cognized, but it is seen to exist there. The reason for this conclusion is that, when there is cognition of silver, the object, silver, must be considered to exist there, because there can be no cognition without an object. Of course, later on it is found that there is no silver, but as long as the delusion lasts, silver is considered to be present. Moreover it is pointed out that unless the person believed that silver was actually there, he would not make an effort to grasp it. This is what is described as artha adhyAsa. In the same way, we believe that the world actually exists and is real until the dawn of Self-knowledge. Thus the theory of artha adhyAsa is intended to explain why we not only see the world, but accept it as real.

This has been stated in the following words in VivaraNaprameyasangraha of VidyAraNya, which is a summary of VivaraNa (Translation of G. Thibaut):--

JnAna-adhyAsa never takes place apart from artha-adhyAsa.

P. 58 of VivaraNaprameyasangraha (VPS)- Of adhyAsa viewed as thing (artha adhyAsa), the definition is: 'adhyAsa is a thing, similar to some thing remembered, which presents itself to consciousness as constituting the Self of another thing.' Of adhyAsa viewed as cognition (jnAna adhyAsa) the definition is 'adhyAsa is the presentation to consciousness of one thing as constituting the Self of another--- such presentation being similar to remembrance.'

Neither Shankara nor any other AcArya says that only the attributes of the superimposed object are presented in an adhyAsa. They all hold that the object itself is presented.

P. 58-59—VPS- The adherents of akhyati-vada say-- when we have the erroneous idea ‘this thing before me is silver,’ the sense of sight and the other
means of true knowledge do not operate, and it, therefore, only remains to view the silver simply as remembered silver, not as 'similar to remembered silver'. By no means, we reply. For we are conscious of the silver as something here and now presented to us (not as something remembered). Nor can it be held that what is so presented to us is only this thing, not the silver. For the 'this' and the silver are immediately presented to us in mutual combination (itaretara samsrishtau); the case does not differ from that of correct judgments, such as 'this is silver', 'this is a jar', where the general and the particularizing notions present themselves in mutual combination. We, therefore, must admit on the ground of the existence of immediate consciousness, that silver exists before us.

The cognition of this silver is, however, not by the same vritti as that for the cognition of nacre. The eye is not in contact with the silver, for the reason that there is really no silver there. The silver is therefore sakshi bhasya, as stated below:--

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Being cognized by the witness alone (kevalasakshi-vedyatvam) does not mean that they are objects of the witness without the presence of the mental modifications corresponding to them, but that they are objects of the witness without the activity of pramanas such as the sense-organs and inference. Hence Prakashatma yati has, in VivaraNa, admitted a mental modification in the form of the ego-- ahamakara-vritti. So also, in the case of an illusory piece of silver, a vritti of nescience (avidya vritti) in the form of silver (rajata-akara-avidya-vritti) has been admitted in works such as Samksepa-sharitra. The illusory silver is 'sakshi-bhashyam', cognised by the witness-self, since the mental modification is not of the vyavaharika mind, but is a vritti of avidya.

Thus there are two cognitions, one of the nacre as merely 'this' by a mental modification with the help of the eyes, and another cognition, of silver, as sakshi pratyaksha, by an avidya vritti. These two appear as one combined cognition as stated below:--

VivaraNaprameyasangraha- p.28—In the case of error (bhrAnti), as exemplified by the cognition ‘this (thing before me) is silver’, two distinct things, although quite incapable of identity, are nevertheless cognized as identical.

P. 61—VPS-- We, therefore, must accept the view of unreal silver being actually present. How otherwise would one perceiving a shell, put forth action with regard to silver? The silver thus is not silver remembered but silver similar to remembered silver.
The advaitin says:— In order to account for the particularised action (of stretching out the hand to grasp the silver), we must assume a composite mental state, (i.e., an immediate apprehension of this and the silver).

It is clear from the above that in an illusion like that of nacre appearing as silver, what is seen (or thought to be seen) is not the attributes of silver, but silver itself. This silver is later on found to have never existed, just as the world is found to have never existed on the dawn of knowledge. But both are considered as actually existing as long as there is ignorance of the substratum.